

*With the Compliments
of
United Grain Growers Limited*

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PRESIDENT
AND GENERAL MANAGER
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JOINT-PRESIDENT

UNITED GRAIN CROVERS LIMITED

OFFICES AT
WINNIPEG, MAN.
CALGARY, ALTA.
EDMONTON, ALTA.
SASKATOON, SASK.
PORT ARTHUR, ONT.

BANKERS
THE ROYAL BANK OF CANADA
IMPERIAL BANK OF CANADA

ADDRESS ALL CORRESPONDENCE
TO THE COMPANY.

WINNIPEG,
CANADA.

June 27th 1949

Dear Bob,-

I wrote this book for the Company
and thought you might be interested in it.
Hope you and family are all well.

Best regards

Raymond Blanchard

The Early History

By Hon. T. A. Crerar

SEVENTY years ago the Ogilvie Milling Company made the first shipment of wheat, 860 bushels, from Manitoba up the Red River by boat to a railway connection in the United States and thence to its flour mills in Montreal by rail. Following that early beginning the volume of wheat produced in Western Canada grew year by year as incoming settlers, creeping steadily across the prairies, reached out to every corner of them. With the increase in production, problems of marketing inevitably developed. The old methods of a small agricultural economy were not suitable to the farmer, who soon had thousands of bushels of wheat for sale each year. What became known later as the line elevator system rapidly developed, first by the Canadian milling companies who wished to get Manitoba Hard wheat for milling, quickly followed by private line elevator companies who purchased wheat from farmers at country points with rail facilities. In this business differences quickly arose between seller and buyer, and these differences actively and publicly showed themselves in the late twenties of the last century.

First Royal Commission

Since the elevator companies had provided the facilities, the Canadian Pacific Railway Company—then practically the only railway operating on the prairies—gave them the exclusive right for railway cars to ship grain. The farmer had no marketing outlet for the wheat he grew other than to sell through the elevator companies, and the latter, in many instances, were not slow to exploit the monopoly they enjoyed, often very unfairly against the producer. This state of affairs produced widespread discontent which was reflected in Parliament at Ottawa; and toward the end of 1899 on the recommendation of the late Sir Clifford Sifton, the first Royal Commission to inquire into the marketing of western wheat was appointed. As a result of the Commission's report, legislation dealing with wheat marketing was passed in Parliament and had the beginning of the present Canada Grain Act. But while

this promised some relief, it fell much short of a remedy for the difficulties. Through evasion or doubts about the validity of some sections of the new act, a monopoly in shipment by the elevator companies still persisted, and the agitation of the farmers continued to grow.

On December 18, 1901, the first grain growers' association was formed at Indian Head. Others quickly followed, and the first convention of these associations was held at Indian Head in February, 1902. The idea rapidly spread to Manitoba where the first association was organized in January, 1903, under the leadership of the late J. W. Scallion of Virden and the late Roderick McKenzie of Brandon; and in March, a few weeks later, after 26 local associations had been formed, the first grain growers' convention in Manitoba was held in Brandon early in March, 1903.

The Right Established

In the autumn of 1902 another event took place that attracted widespread interest. This was an action at Sintaluta, Saskatchewan, against the Canadian Pacific Railway Company, arising out of its refusal to allot railway cars to individual farmers for the shipment of their grain. The prosecution of the company ended in its being fined in the magistrate's court. The action was not appealed and thereby the right was definitely established for farmers to get cars for the shipment of their wheat.

The record of the early conventions of the grain growers' associations revealed clearly that their main discussions centred around the marketing of their wheat. Thirty-five years ago the Canada Grain Act was regarded by the wheat producers of the prairies as their great charter of freedom, and the discussions in the annual convention of the grain growers, which in the early years centred around their marketing problems, resulted in improvements to the Grain Act until it has resulted in the act of the present day.

These were the beginnings of the great agrarian movement in the prairie provinces, a movement

which developed a political side that more than any other single thing left a definite and lasting impress upon the political life of the country. It is interesting to reflect that this whole development had its origins in the differences that arose between individual farmers in the business of marketing their grain and the line elevator companies. The problems around the marketing of Western Canadian wheat persisted on down through all the intervening years until the present time.

(The first of a series of articles)

Nations and

By W. J.

SAN Francisco: The way the election of a new House of Commons in Great Britain turned out was to very many people in this country astonishing, incredible. The man on the street, the newspapers he reads show a misapprehension of what the Irish people had done. And after the election of a new House of Representatives and a new Senate in this country, a month there was a misapprehension in the minds of some of the Irish people of the results. There was no means of knowing through the working of self-government in Britain through the working of self-government in the C. F.

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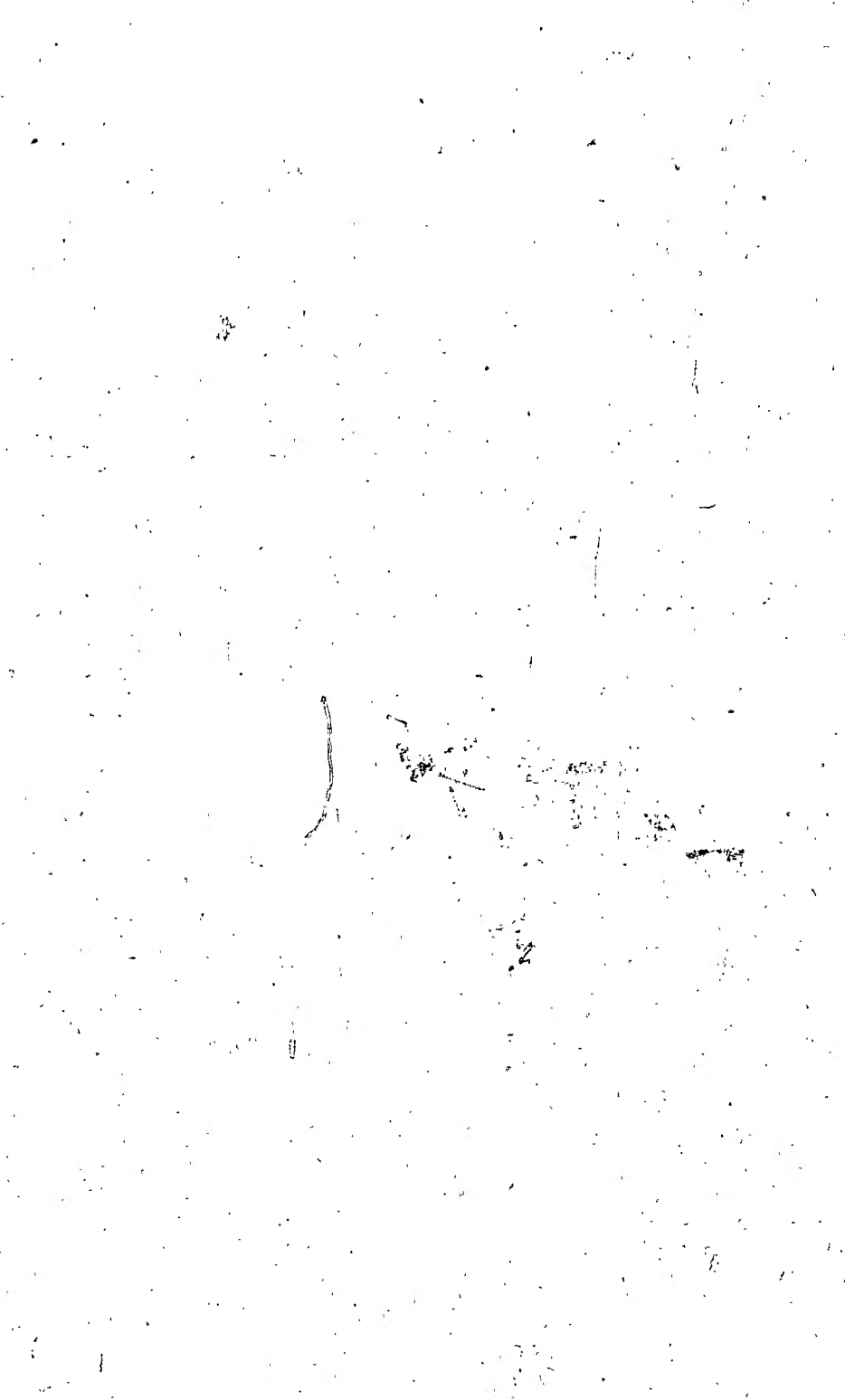
THE GRAIN GROWERS RECORD

1906 to 1943



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To
Robert Milne
With compliments of
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Winnipeg, June 29th, 1944.



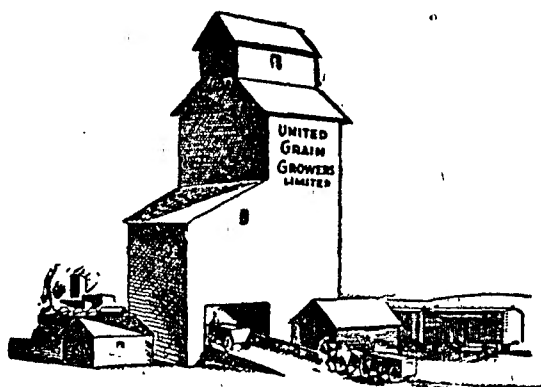


THE
GRAIN GROWERS RECORD



THE GRAIN GROWERS RECORD

1906 to 1943



by
Payson Bancroft,

AN ABRIDGED HISTORY

of

GRAIN GROWERS' GRAIN COMPANY

1906 to 1917

ALBERTA FARMERS' CO-OPERATIVE
ELEVATOR COMPANY

1913 to 1917

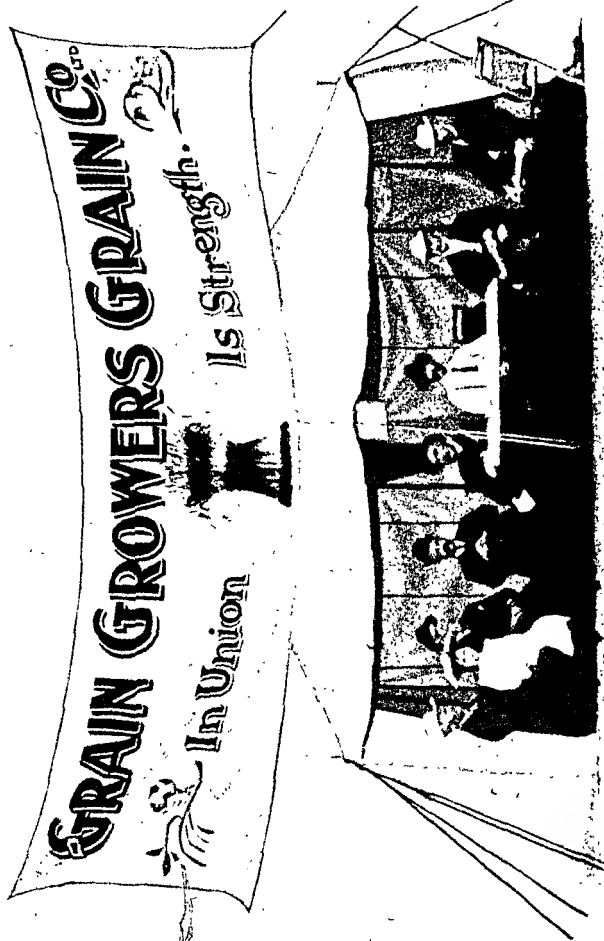
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1917 to 1943

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Birth of Grain Growers' Grain Company—the First Farmers' Company—in a Tent at the Winnipeg Exhibition in 1906, when Provisional Directors were Elected.
Left to right: H. O. AYEART (and daughter); W. H. BEWELL; JOHN SPENCER; JOHN KENNEDY;
E. A. PARTRIDGE; DAVID RAILTON; T. W. KNOWLES.



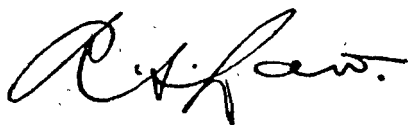
F O R E W O R D

The aim of this Reference Book is to give those who may not be familiar with the history of the Company a handy means of acquainting themselves with the rise and development of "the first Farmers' Company" in Western Canada.

The facts contained herein have been taken from the records of The Grain Growers' Grain Company Limited, The Alberta Farmers' Co-operative Elevator Company, United Grain Growers Limited and The Country Guide

The data was compiled and the book written by the Organization Department of the Company to meet many requests for a concise review in which the highlights of the Company's history would be recorded.

A study of this record will reveal the Company as an outstanding example of a successful farmer-owned and farmer-controlled business organization.

A handwritten signature in dark ink, appearing to read "R. H. Law". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

PRESIDENT AND GENERAL MANAGER

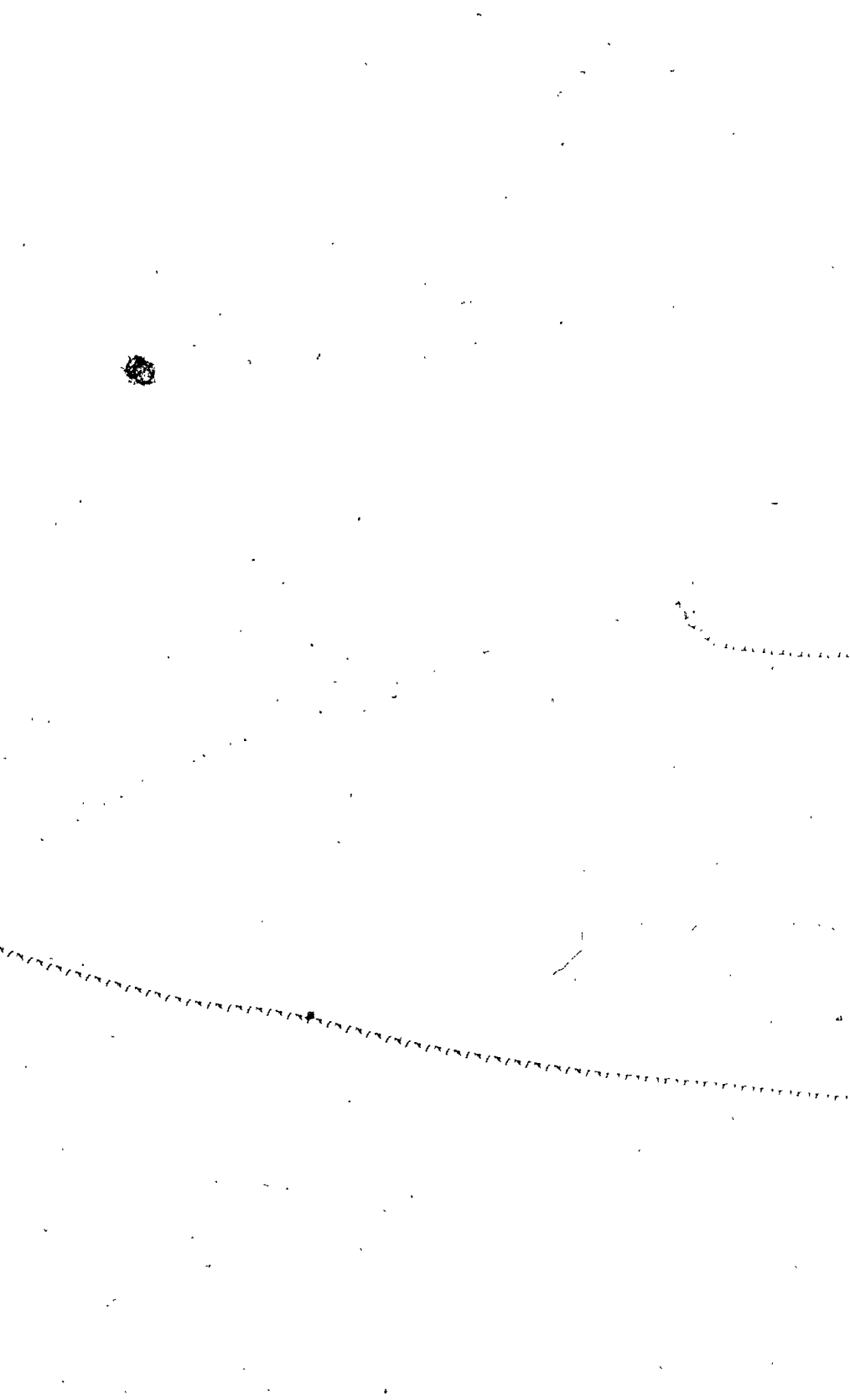


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CHAPTER I

Cause of a Crusade

*Marketing Conditions in Western Canada Prior to the
Organization of the Grain Growers' Grain Company in 1906.*

THE story of the organization, rise and development of Grain Growers' Grain Company Limited, (now United Grain Growers Limited) is closely interwoven with the history and development of farming in the three prairie provinces. Immigration of farmers to Manitoba and the Northwest Territories (now Saskatchewan and Alberta) began in the late seventies and steadily increased until about 1910. From the year 1890 until 1910 development was very rapid. Large areas of new land were brought under cultivation every year and railway lines were extended to keep pace with the influx of settlers. The production of grain increased by leaps and bounds.

Migration to
Western
Canada

A serious problem of transportation and of handling facilities arose as Western Canada began to produce more wheat than was needed by the local millers. To partially meet the new situation, the Canadian Pacific Railway built a small wooden terminal elevator of 500,000 bushels capacity at Fort William in 1883; in later years this was known as the "Horn" elevator. Several years afterwards the Canadian Northern Railway also built a terminal elevator at Port Arthur. Neither of these railway companies would, however, provide country elevators. The operation of terminal elevators was looked upon at this time as a necessary part of the transportation of grain which was stored in terminals and shipped forward as sales were made in Eastern Canada, or for export.

Terminal
Elevators

As the production of grain increased and Canada became a competitor in the world's grain markets it became necessary to segregate wheat shipments so that cargoes which were uniform in milling quality should always be available for export. Damp grain had to be dried and certain "off grades" treated.

As the need for properly merchandising the grain became apparent, the country elevator companies acquired terminal elevators which they now operate as an important link in their elevator systems.

Railway
Companies
and the
Loading
Platforms

The railways at the outset were desirous of having country elevators built along their lines because grain could then be handled much more easily through such elevators than was possible over loading platforms, the construction of which the farmers were requesting. Even at the present time with motor trucks, good roads and railway sidings reasonably close to most farms, it would take many more railway cars to handle the grain over the loading platforms than it takes to handle the same volume of grain through the elevators. The railways, therefore, made an agreement with the private grain companies to the effect that if they (the grain companies) would build and operate country elevators the railways would furnish cars *only* to elevators for the shipment of grain.

Country
Elevator
Monopoly

This created a monopoly for the elevator companies and they were quick to take advantage of it. Under this monopoly evils of under-grading, over-docking and short-weighting grew up and the farmers soon found themselves in an intolerable position in marketing their grain. Where there were several elevators located at one point they all worked in unison. If a farmer was dissatisfied with the offer made him by an elevator agent and refused to do business with that particular elevator, none of the other agents would buy his grain. He had no recourse but to go back to the agent who had made the original offer.

There were no rural telephones in those days and most farmers lived some distance from their shipping points. It was common practice when a farmer pulled into an elevator with a load of wheat for the agent to say: "That is good wheat, but my No. 1 and No. 2 Northern bins are all full; I *could* put another load into my No. 3 Northern bin." Of course, there was nothing the farmer could do but take No. 3 Northern for his wheat.

First Grain
Inquiry (1)

Naturally, these conditions created widespread discontent. Meetings were held in rural schoolhouses and in town halls. Letters were written to the newspapers and many of the more hot-headed farmers even advocated armed rebellion. Finally, James M. Douglas, M.P. for East Assiniboia, introduced a Bill in the House of Commons at the session of 1898 to regulate the shipping and transportation of grain in Manitoba and the Northwest Territories. The Bill, after discussion, was referred to a Special Committee of the House of Commons where interested parties could present their views. In this way Parliament was made familiar with the serious marketing conditions which then prevailed in Western Canada. On October 7, 1899, the Government appointed a Royal Commission to make a full and impartial investigation into the grain marketing situation

(1) "Deep Furrows," p. 42.

in the West. The Commission consisted of three Manitoba farmers: W. F. Sirrett of Glendale, William Lothian of Pipestone and Charles C. Castle of Teulon, with Mr. Justice Richards of Winnipeg as chairman.

The Commission made its report to the Government in March, 1900, and in it recommended that the railways be compelled by law to furnish cars to farmers for shipping their grain and that flat warehouses and loading platforms should be allowed for the use of the farmers. It also recommended the use of uniform cash tickets for grain. The Government embodied these recommendations in legislation during the session of 1900. This legislation was entitled, "The Manitoba Grain Act."

**The
Manitoba
Grain Act**

The elevator companies replied by organizing the Northwest Elevator Association and eventually agreed on the prices to be paid to farmers for their grain. They also arranged to pool receipts of grain at all points where there was more than one elevator. The railways continued to ignore the farmers' demand for railway cars for platform shipping and the situation remained just as bad as far as the farmer was concerned as it had been before the Act was passed.

**Northwest
Elevator
Association**

CHAPTER II

Farm Associations Organized

**Territorial
Grain
Growers
Association
Formed (1)**

RREALIZING that their individual efforts to improve their grain marketing troubles were not meeting with much success the farmers began to organize themselves into grain growers' associations. The first grain growers' association was formed at a meeting at Indian Head on December 18, 1901. Among those present were: W. R. Motherwell (chairman), Peter Dayman of Abernethy, John Millar of Indian Head and Matt. Snow of Wolseley. This first organization was called the "Territorial Grain Growers' Association"; the provinces of Saskatchewan and Alberta had not yet been formed, the whole area being known as "The Northwest Territory."

**Manitoba
Grain
Growers
Association
Formed (2)**

The first local of the Manitoba Grain Growers' Association was formed at Virden on January 9, 1903, with J. W. Scallion as President, George Carefoot, Vice-President, W. H. Dayton, Secretary, and J. A. Blakeman, Isaac Bennett, Peter McDonald and C. E. Ivens as Directors.

**First Annual
Convention of
M.G.G.A. (3)**

The first convention of the Manitoba Grain Growers' Association was held at Brandon in March, 1903. J. W. Scallion of Virden was elected President, R. C. Henders of Culross, Vice-President, and Roderick McKenzie of Brandon, Secretary.

**E. A. Partridge
Investigates
Grain
Exchange (4)**

During the fall of 1904 the Territorial Grain Growers' Association appointed E. A. Partridge of Sinaluta to go to Winnipeg and investigate the operations of the Winnipeg Grain Exchange. Needless to say, he was not received with open arms. "E.A." was a strong willed, outspoken man and the grain companies looked on him with suspicion. He had a hard time getting any information at all, and he referred to the Grain Exchange as the "house with the closed shutters."

**Manitoba
Committee
Appointed (5)**

The third annual convention of the Manitoba Grain Growers' Association was held at Brandon in January, 1905. Mr. E. A. Partridge attended this convention and recommended that the Grain Growers' Association start a grain handling business of their own to

- (1) "Deep Furrows," p. 49.
- (2) "Deep Furrows," p. 67.
- (3) "Deep Furrows," p. 67.
- (4) "Deep Furrows," p. 71.
- (5) "Deep Furrows," p. 91.

handle their grain. The convention accepted the idea and appointed a committee composed of D. W. McCuaig of Oakland, J. S. Wood of Oakville, T. W. Knowles and John Spencer of Emerson, John Kennedy of Swan River, Roderick McKenzie of Brandon, James Steedsman of Deloraine and about a score of others whose names are not now available. This committee was instructed to work with a committee already appointed by the Territorial Grain Growers Association under the chairmanship of E. A. Partridge.

The Territorial committee was composed of E. A. Partridge, A. J. Quigley, W. E. Hall, James Halford, James Ewart, D. Railton, J. O. Partridge, W. J. Bonner, Thomas McLeod, W. Malhoit, H. O. Partridge, C. K. Grass, Harold Bird, H. T. Smith and George Hill, all of Sinteluta.

**Sinteluta
Committee (1)**

The joint committee submitted the following definite proposal for the organization of a farmers' grain company to the Saskatchewan Grain Growers' convention at Sinteluta on January 27, 1906, and to Manitoba Grain Growers' convention at Brandon on February 28, 1906:

**Grain
Growers'
Grain
Company
Organized at
Sinteluta
Meeting**

"The proposition to organize a company among the farmers of Western Canada for the purpose of carrying on their own grain business was first submitted to the Manitoba Grain Growers' Association in their convention at Brandon in 1905. The convention deemed the matter of sufficient importance to prepare and present at the next annual convention a practical plan for organizing farmers as sellers of their grain through their own agency. This committee not only prepared a plan, but launched it.

"It was also definitely placed before the Manitoba Grain Growers' convention in 1906 by E. A. Partridge, who was chairman of the committee appointed at the previous convention already referred to. After discussion, it was deemed advisable and, wisely so, to carry out the suggestion independent of the Grain Growers' Association.

"The first tangible step toward the formation of the Company occurred at Sinteluta, a little town in Saskatchewan, 304 miles west of Winnipeg, where the movement was inaugurated by a mass meeting of farmers held in the Orange Hall, Saturday, January 27, 1906. After a full discussion, the following resolution was unanimously passed:

"That we, the Grain Growers of Sinteluta, Saskatchewan, in mass meeting assembled, heartily recommend the formation of a joint stock company, wholly composed of farmers, to be known as the Grain Growers' Grain Company, with shares at \$25.00 each (no person to hold more than four shares and these not transferable except by vote at annual meeting) with a large enough issue of shares to include within its membership all Western grain growers desirous of becoming members.

"That the committee take energetic measures to secure subscriptions by wide advertisement, correspondence and the sending of circulars outlining the scheme and asking for subscriptions from each prospective shareholder of ten per cent of the par value of shares proposed to be taken; that is to say, two dollars and fifty cents on each \$25.00 share proposed to be taken, said subscription to be sent to the treasurer of the committee and deposited in the Union Bank, Sinteluta, to the credit of the organization committee for proposed Grain Growers' Grain Company and subject to the order of the secretary, countersigned by the chairman, for the meeting of all necessary expenses up to the time of the meeting in Brandon.

THE GRAIN GROWERS' RECORD

"That the proposed company, while applying for more extended powers under its charter, shall have for its immediate object the carrying on of a grain commission business or a combined grain commission and track buying business with headquarters at Winnipeg and a seat on the Grain Exchange.

"That in furtherance of the above object, the following gentlemen be named a committee to take charge of the preliminary work of organization until relieved by the election of a Board of provisional directors at an organization meeting of subscribers (being bona fide grain growers) to be assembled at Brandon on or about March 1, 1906, for that purpose, and for the preparation of and assent to articles of incorporation and by-laws of the company."

Charter

Both conventions accepted the proposal and the committee immediately put on a campaign for selling shares to farmers. They applied to the Dominion Government for a charter but their application was refused because they were selling shares at \$25.00 each, and under the Dominion Companies Act at that time only \$100.00 shares could be sold. This difficulty was overcome by applying for a charter to the Manitoba Government, which was duly granted.



F. A. PARTRIDGE
President, 1906-1907



CHAPTER III

The Grain Growers' Grain Company

THE Grain Growers' Grain Company formally opened its doors for business on September 5, 1906, in a one-roomed office on the top floor of the old Tribune Building on McDermot Avenue, Winnipeg. The Provisional Board of Directors were: E. A. Partridge, President; John Kennedy, Vice-President; John Spencer, Secretary-Treasurer; W. A. Robinson and F. Graham.

The first carload of grain handled by the Company was received on September 21, 1906, and by the middle of October the Grain Growers' Grain Company was receiving about one hundred carloads per week.

Meanwhile, a seat had been purchased on the Winnipeg Grain Exchange and banking arrangements were made with the Bank of British North America.

The Grain Exchange at that time was dominated largely by the big elevator companies, most of which were owned and controlled by American grain interests. These companies had been severely criticized by the farmers during the period of organization and they immediately declared war on the new farmers' company.

The Grain Growers' Grain Company had been organized along co-operative lines. Farmers had been advised at meetings and in literature sent out by the committee in charge of organization that, after operating expenses were paid and a reasonable dividend had been paid to the shareholders on their investment in the Company, the balance of the earnings would be paid back to the shippers on a patronage dividend basis. This was sound co-operative practice and is still followed by successful co-operatives the world over.

The patronage dividend plan was interpreted by the Grain Exchange as a promise to rebate a part of the commission back to the shipper, which was a violation of one of the by-laws of the Exchange. As a result, on November 8, 1906, the Grain Growers' Grain Company's trading privileges on the Exchange were annulled.

This was a terrific blow to the new Company, which was not yet strong enough to export grain on its own account. The Company had also hundreds of cars of grain enroute with no prospect of selling

**The New
Company
Starts in
Business**

**First Carload
of Grain (1)**

**Seat on the
Exchange**

**Company
Expelled from
Grain
Exchange (2)**

(1) Annual Report, 1906-07.
(2) "Deep Furrows," p. 100.

any of it. The assistant manager succeeded in disposing of some of this grain in Eastern Canada, which relieved the situation a little, but there was every prospect that the Company would have to go out of business.

Mr. Partridge and Mr. Kennedy went to the Manitoba Government and laid their case before the Cabinet. The Government referred the question to the Agricultural Committee. The Company's representatives asked that the Government limit the powers of the Grain Exchange. They asked specifically that the Exchange be not allowed to limit the number of its members; that the purchase of a seat should automatically entitle the holder to full trading privileges; that arbitrary interference by the Council with the business methods of member firms be prohibited; that penalties and disabilities against those failing to observe the common rules be abolished; that the expulsion of no member should be considered final unless assented to by the Minister of Agriculture and that all by-laws should receive the approval of the Lieutenant-Governor-in-Council before becoming legal and binding. In short, the Company's representatives demanded that the Exchange should be deprived of the power of regulating the practice of its members, and that it should itself be subjected to the regulation of the Government. They claimed that the only reason the Exchange had admitted the Grain Growers' Grain Company was that it might have the farmers' company under its discipline.

The Grain Exchange representatives maintained that their rules and disciplines were in the interests of uniformity of practice, integrity of dealing and equality of treatment. If deprived of the powers of self-regulation they would go out of business altogether.

When a deadlock seemed unavoidable Premier Roblin accepted the suggestion of the Manitoba Grain Growers' Association that a conference be called of representatives of the Company, the Grain Exchange, the Government, the reeves of the Rural Municipalities, the railroads and the banks. He pledged his Government to give legislative effect to the resolutions that might be agreed on at the proposed conference.

At the conference the Exchange objected to Mr. Partridge being the Company's representative on the Exchange. They refused to have further dealings with a man so objectionable to them as the fiery Sintaluta farmer. It was settled that the Company's membership in the Exchange should be transferred to John Spencer, secretary-treasurer of the Company. It was further understood that the system of paying patronage dividends be discontinued and

(1) Annual Report, 1906-1907.

Company
Appeals to
Manitoba
Government

Grain
Exchange
Defence

Conference
Called by
Premier
Roblin

Patronage
Dividend Plan
Withdrawn (1)

THE GRAIN GROWERS RECORD

annulled by a general meeting of the shareholders. Only on these terms could the Company be re-admitted to the Exchange. The Company's representatives accepted this temporary defeat of one of its main principles in the name of expediency. Otherwise they would have been forced to go out of business.

Before the Company was fully reinstated in the Exchange the bank closed down on them for their overdraft of \$356,000. To meet this crisis E. A. Partridge, John Kennedy and John Spencer pledged their personal assets as security to the bank and in that way the Company was able to carry on for awhile.

**Bank Closed
Down on
Company (1)**

On December 22, 1906, the Board of Directors passed a resolution cancelling the patronage dividend proposal. This was confirmed at the next annual meeting.

**Patronage
Dividend Plan
Cancelled**

The Board of Directors and the management were having a hard time. Wheat kept pouring in. Shippers had to have advances on cars shipped. Trading privileges were still withheld by the Winnipeg Grain Exchange in spite of the order of the Manitoba Government, and the rescinding of the patronage dividend plan. However, just before freeze-up a large shipment of wheat was cleared for Buffalo and the Scottish Co-operative Wholesale Society risked the disapproval of the Grain Exchange and bought wheat from the farmers' company. Premier Roblin set a time limit within which the Grain Exchange had the option of removing the ban against the farmers' company or of losing their provincial charter. On April 15, 1907, the Company's trading rights on the Exchange were restored.

The terrific struggle of their first few months in business put a strain upon the management that almost reached the breaking point. Mr. Partridge, whose sensitive, high strung temperament did not fit in with the rough and tumble ethics of the grain business, became almost despondent. He felt that his value to the farmers was as a propagandist rather than as a business man, so he began talking of resigning. He had been subjected to the usual backbiting and inuendos that most successful men have to contend with and he worried about it. When he heard during the organization campaign that some farmers were saying, "Partridge is just trying to create a job for himself," he immediately pledged himself to resign from the Presidency as soon as the Company got on its feet. He said: "People keep asking how much money I have got out of this. I'll admit that I have got some silver out of it, but it is not in my pocket, it is in my hair."

**E. A. Partridge
Talks of
Resigning**

The first annual meeting of the Company's shareholders was held at Winnipeg on July 16, 1907. President Partridge presented

**Company's
First
Annual
Meeting**

(1) "Deep Furrows," p. 103.

a report on the business done during the year. One month after the Company had started in business it had to move from the small office in the Tribune Building to a larger one in the Henderson Block on Market Square. The Company had handled 2,500,000 bushels of grain with a net profit of \$790.54. A dividend of seven per cent was paid to the shareholders. Shares to the value of \$146,325.00 had been sold to farmers. On these \$2,102.50 had been paid, which represented the paid-up capital of the Company. A Board of nine directors was elected. (See appendix: The Company's Directors.)

**E. A. Partridge
Retires from
Presidency,
T. A. Crerar
Elected
President**

At the ensuing meeting of the Board of Directors, Mr. Partridge resigned as President. On the recommendation of Mr. Partridge, T. A. Crerar of Russell, Manitoba, was elected President of the Grain Growers' Grain Company.

During its first year of operation the Company had met with a series of almost insurmountable difficulties. These had been overcome and the business year ended with a satisfactory financial statement. The farmers' company was now an established grain handling concern and its future depended on the business ability of its management and on the loyalty of the farmers to their own company which had in one year put an end to the grain handling monopoly in Western Canada.

**Traffic
Department
Set Up (1)**

During the year 1907-08 the Company's business doubled in volume as compared with the previous year. This required a larger office staff and more office space. In the fall of 1907 it became necessary to set up a Claims Department to look after farmers' claims for leaking cars, etc. This department has grown with the Company's business and has become the Traffic Department. It was in the spring of 1908 that the Grain Growers' Guide was started by the Company.

**Grain
Growers'
Guide (2)**

Increased business from Alberta made it necessary to open an office in Calgary on August 1, 1909. This enabled the Company to give better service to Alberta farmers in getting advances on their shipments as well as other services provided by the Company.

**Branch Office
Opened at
Calgary (3)**

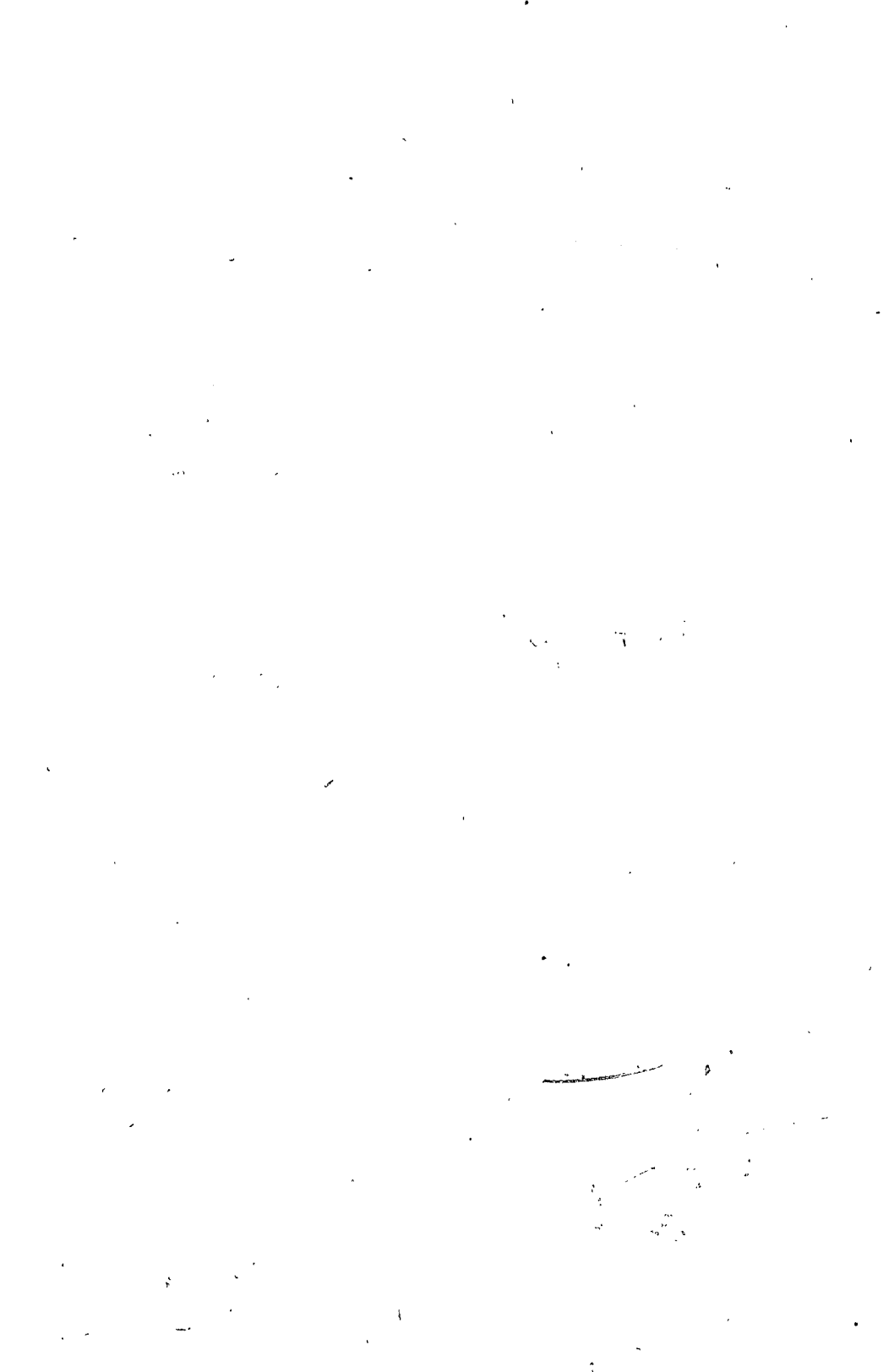
**Seed Grain
Service**

Another important service provided in 1909 was a Seed Branch. The previous year's crop had been badly frozen in many districts and the Company set up this service to provide seed to their customers whose grain was unfit for sowing. This service was later developed into the Seed Improvement Department by F. L. (now Major) Dickinson and played a very important part in the distribution of rust-resistant varieties of grain.

- (1) Annual Report, 1907-1908.
- (2) Annual Report, 1907-1908.
- (3) Annual Report, 1907-1908.



HON. T. A. CRRERAR
President, 1907-1929



THE GRAIN GROWERS RECORD

A new subsidiary company was formed in 1909, The Public Press Limited. This branch was set up to print the Grain Growers' Guide, do the Company's printing and to carry on a general printing business.

Public Press

The rapid increase in the volume of grain handled by the Company enabled them to establish new services for the farmers almost every year. One of the most valuable of these services was the Inspection Department set up at the beginning of the harvesting season of 1909 under the supervision of Mr. James Massie, a competent grain grader. This Department checks the government grading on all cars of grain consigned to the Company. The Inspection Department has given service of untold value to the farmers ever since its inception. The Company was the pioneer in this much-needed service, and its importance can best be judged by the fact that since then every grain company has set up a similar department and it is now a permanent service in the grain handling business.

Inspection
Department
Set Up (1)

The elevator interests which controlled the Grain Exchange at this time struck another blow at the Grain Growers' Grain Company in the fall of 1909 when they suspended the commission rule of the Exchange. Under this rule all firms handling grain on a commission basis were compelled to charge a commission of one cent a bushel. As the Company was operating only as a commission firm at that time this commission was their only source of revenue. The elevator companies immediately began handling carlots of grain for half a cent a bushel and in a great many cases charging no commission at all. The motive behind this action was clear. It was to force the farmers' company out of business by eliminating its only source of revenue.

Commission
Rule
Suspended (2)

The Company at once took a referendum vote of all its shareholders as to what commission should be charged and about 98 per cent of them named one cent a bushel on wheat and flax, three-quarters of a cent on barley and half a cent on oats as a fair commission charge. The Board of Directors then set these rates for the time during which the rule was suspended. This effort to injure the Company failed completely. Not only did it fail, but it was the means of bringing many more farmers in as customers of the Company.

Great tribute must be paid to the men who started this Company and piloted it through the seemingly insurmountable difficulties that were encountered during its first two years of operation. Most men would have felt inclined to quit when it seemed to be impossible to carry on any further. But in all the records of those early days of

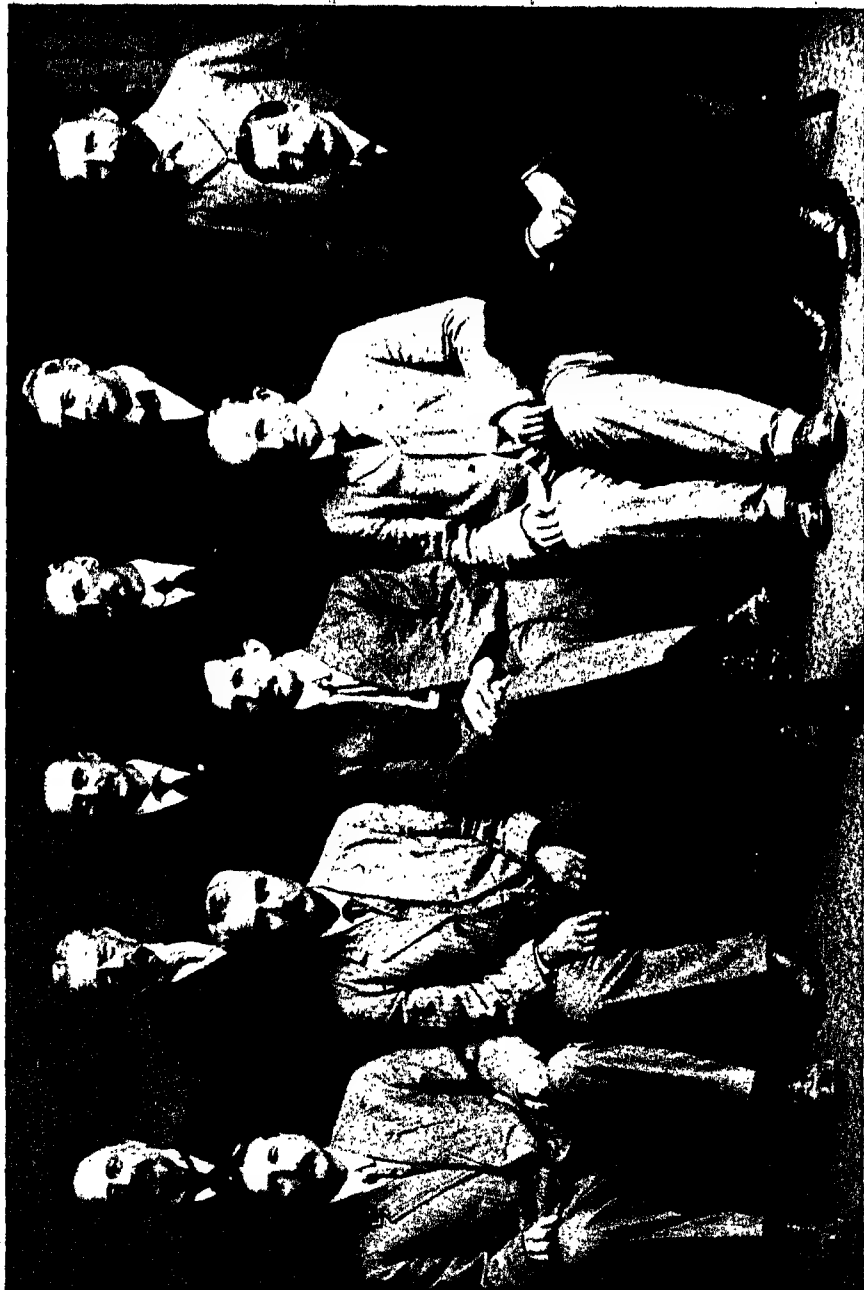
(1) Annual Report, 1908-1909.

(2) "Deep Furrows," p. 148.

THE GRAIN GROWERS RECORD

the Company there is not even a hint that those men ever thought of letting the Company go out of business. Greater courage, tenacity and optimism cannot be found in the annals of Canadian business. Through all their difficulties they never lost faith in the farmers in whose cause they were working. That their faith was justified is proved by the phenomenal growth of the Company's business.

Faith of Early
Founders
Justified



Officers and Directors, 1910-1911

Back row, left to right: GEORGE LANGLEY, M.L.A., T. W. KNOWLES, N.E. BAUMUNK, DAVID RAITON, E. A. PARTRIDGE, A. VON MIELECKI.
 Front row, left to right: D. K. MILLS, Sec.-Treas., JOHN KENNEDY, Vice-President, T. A. CRERAR, President, R. McKENZIE,
 Second Vice-President, A. M. BLACKBURN, Manager.



CHAPTER IV

Country and Terminal Elevators

THE monopolistic control of the line elevators over the marketing of grain at country points led to a demand from the organized farmers for government-owned elevators. E. A. Partridge, who took an active part in this agitation, evolved a plan which became known as the "Partridge Plan." This plan provided for a Provincial Government monopoly of country elevators within each province and a Dominion Government monopoly of terminal elevators.

The
Partridge
Plan

After conferences between the Provincial Governments of the three prairie provinces it was decided that each province should settle the elevator problem in its own way. The Manitoba Government, under Premier Roblin, was the first to act. The Honourable George Coldwell, Minister of Education, appeared at the seventh annual convention of the Manitoba Grain Growers' Association at Brandon on December 16, 1909, and announced that the Government had adopted the policy of establishing a line of country elevators as a public utility to be owned and operated by the public. This statement was received with wild enthusiasm by the delegates. Many of them thought that the millennium had come. One old-timer tells of seeing one farmer with tears of joy rolling down his cheeks. He thought that his long-cherished hopes for a perfect grain marketing system were about to be realized. The Government then proceeded to build or buy elevators at points where the farmers petitioned for one.

Manitoba
Government
Elevators

The Government appointed D. W. McCuaig of Oakland, who was President of the Grain Growers' Association at the time, as head of the Commission in charge of the Government elevators. After the Commission had purchased a few elevators at reasonable prices, the Minister of Public Works took over the purchasing and acquired as many as three and four elevators at some points where one elevator could handle all the grain. Most of the elevators purchased by the Department were only culls that the companies were glad to get rid of. Before the end of 1910, 163 elevators had been purchased and ten new ones built.

D.W. McCuaig
Heads
Elevator
Commission

Handling
Houses
Only

The Government elevators were purely handling houses. They did not buy any grain but farmers could use the elevators and consign their carlots to whatever firm they wished to deal with. The Grain Growers' Grain Company set up an Elevator Department and put buyers at Government elevators where the farmers requested a Grain Growers' agent. These buyers bought the small lots of street grain and made them up into carlots for the Company. They also endeavored to get farmers' carlots consigned to the Company.

Competition
for Grain
Develops

The elevator companies put up a strenuous fight for the grain delivered at the Government elevators and for the first time in Western Canada competition developed for the purchase of grain at country points. These companies paid prices above the current market prices at points where the Grain Growers' had a buyer. The Grain Growers' Grain Company incurred considerable loss in this department in its efforts to accommodate the farmers and to make the best use of the Government elevators. Of course, the farmers got the benefit of the enhanced prices brought about by the keen competition between the elevator companies and the farmers' company.

Observer's
Letter (1)

At the beginning of the harvesting season in 1910 the Northwest Elevator Association began a new line of attack against the Company. Letters began to appear in newspapers and periodicals in the form of paid advertisements. These letters were signed by "Observer" who posed as a farmer, and contained misrepresentations and falsehoods about the Grain Growers' Grain Company and the organized farmers generally.

G. F. Chipman
Identifies
"Mr.
Observer"

Mr. George F. Chipman, Editor of the Grain Growers' Guide, did some very clever detective work and finally located "Mr. Observer." He was a man who had had newspaper experience and had been hired by the Northwest Elevator Association to carry on propaganda against the Grain Growers' Grain Company. He had a two year contract with the elevator association at \$4,000.00 a year. In addition to his salary, he was supplied with an up-to-date office in the Merchants' Bank Building, a stenographer and full office equipment. He was supposed to be doing business as a financial agent. When the Guide had the complete story they called on "Mr. Observer" and threatened to expose the nefarious deal. "Mr. Observer" then closed his office and settled with his employers for a goodly sum for the balance of his contract. Needless to say, no more of these letters appeared in the press.

(1) "Deep Furrows," p. 159.

THE GRAIN GROWERS RECORD

In 1910, the Saskatchewan Government appointed a Royal Commission to investigate grain marketing. The Commission consisted of:

Dr. Robert McGill, Winnipeg, Man.

Hon. George H. Langley, Maymont, Sask.

F. W. Green, Boharm, Sask.

McGill Commission (1)

The findings of the McGill Commission were presented to the Dominion Government during the Parliamentary Session of 1911.

The Canada Grain Act was then amended to provide for a Board of Grain Commissioners who would administer the Act and be responsible to the Minister of Trade and Commerce. One clause in the new Act which had to do with the distribution of railway cars brought forth a strong protest from the organized farmers. A committee composed of Roderick McKenzie of Brandon, J. S. Wood of Oakville, J. A. Maharg and F. W. Green of Moose Jaw, and E. J. Fream of Calgary, was sent to Ottawa to oppose the objectionable clause. This clause was passed by the House of Commons but was thrown out by the Senate. Following the passage of the Bill as amended by the Senate, the Government named the Board of Grain Commissioners as follows:

First Board of Grain Commissioners Appointed

Dr. Robert McGill, Winnipeg.

Frank E. Gibbs, Fort William.

W. D. Staples, Treherne.

The farmers of Saskatchewan formed the Saskatchewan Co-operative Elevator Company in 1911. The Grain Growers' Grain Company had been building some country elevators but they then entered into a gentleman's agreement with the Saskatchewan Company not to build elevators at points where there was a Saskatchewan Co-operative elevator. This arrangement was in force for several years and accounts for this Company having fewer elevators in Saskatchewan than in the other two provinces.

Saskatchewan Co-operative Elevator Company Formed

Early in its history the Company learned that they could often get the farmers better prices for their grain by selling direct to millers in Eastern Canada and in Great Britain than by selling it all on the Grain Exchange. So on January 1, 1912, they set up a subsidiary company known as The Grain Growers' Export Company, to look after the exporting end of the business.

Export Company Formed (2)

On October 4, 1912, the Company leased a terminal elevator at Fort William from the C.P.R. and began operating it on that date.

The Manitoba Government had been operating their elevator system at a loss for two crop years. The Government then approached

Company Acquires Terminal Elevator

(1) Grain Growers Co-operation, p. 99.
(2) Annual Report, 1911-192.

**Elevators
Leased from
Manitoba
Government
(1)**

the Grain Growers' Grain Company and offered to lease their elevator system to the Company. The Directors of the Company signed an agreement on July 20, 1912, to lease the elevators from the Government on a rental basis of six per cent on the capital investment of \$1,160,000.00, taxes and repairs being assumed by the Government. This elevator system was comprised of 174 country elevators, but at some points the Government owned several elevators where one could handle all of the grain. The Company operated 135 of these elevators, leaving 39 idle.

**First Year's
Operation of
Elevators**

The Company, because of its inexperience in the elevator business, fixed the handling charges too low for the first year. The charges were set at $1\frac{3}{4}$ cents a bushel for handling and cleaning, $1\frac{1}{4}$ cents a bushel for grain not cleaned. In addition to this, the Company was faced with strenuous opposition from the other elevators and encountered heavy grade losses. The result was a loss on country elevator operations the first year.

The second year's operation of these elevators showed a profit of \$4,317.29 (1913-14). American grain interests stepped in at this time and offered the Manitoba Government a much higher rental for these elevators than that being paid by the Grain Growers' Grain Company, but the Government desired that their elevators should remain in the hands of the farmers and renewed the Grain Growers' lease for another year. Later on the Company began buying these elevators from the Government a few at a time until about 1927 when the few remaining ones were sold to other companies, thus ending the experiment in Government-owned elevators.

**Terminal
Elevator
Purchased (2)**

In June, 1913, the Company purchased a terminal elevator at Fort William from Messrs. Davidson and Smith. The other terminal operated by the Company was a storage and handling elevator only. The one just purchased was equipped for cleaning and conditioning grain, and being located close to the terminal already operated by the Company, it made a convenient addition to the Grain Growers' terminal facilities.

**B.C. Terminal
Elevator**

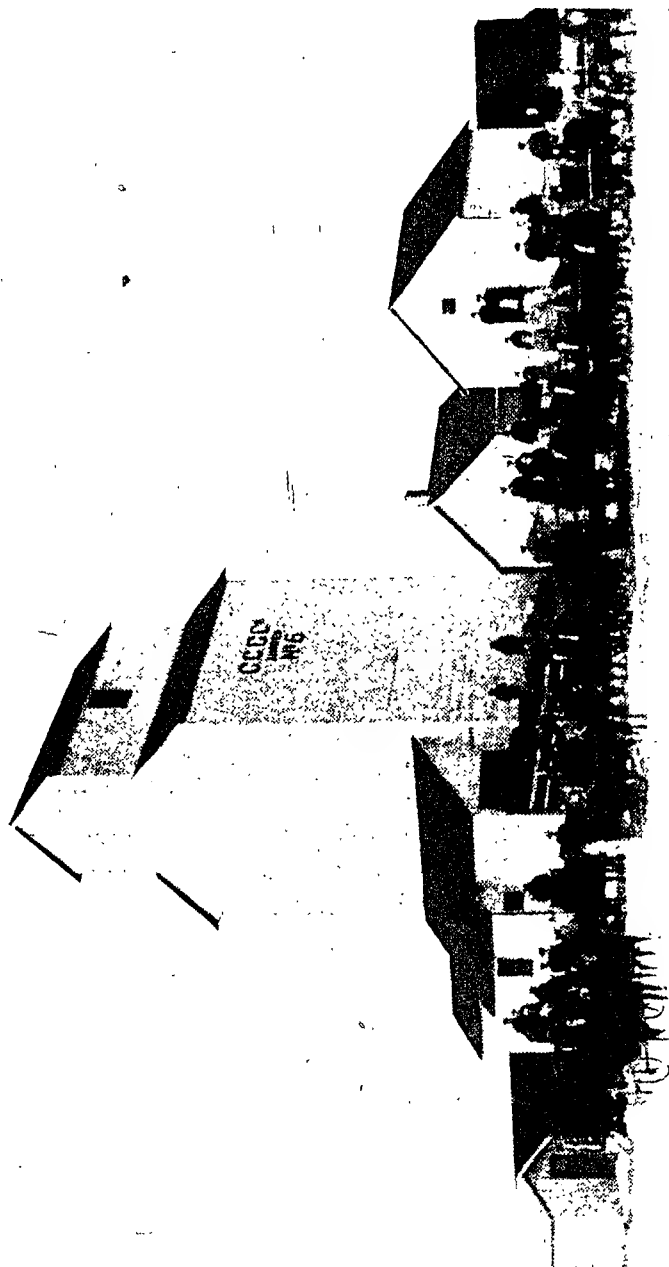
During the same year the Company purchased a small terminal elevator at New Westminster, B.C. This elevator was used largely for the distribution of feed grain that was shipped from the prairies to British Columbia.

**Company
Building**

In addition to the country elevators leased from the Government of Manitoba, the Company was building some elevators every year and was becoming an influential factor in the marketing of grain in Western Canada.

(1) Annual Report, 1911-1912.

(2) Annual Report, 1912-1913.



One of the First of the Company's Elevators.



THE GRAIN GROWERS RECORD

At this period an event of world-shaking importance was ushered in: Germany invaded Belgium on August 4, 1914, starting World War I which lasted four years.

The Company had its charter amended by an Act of the Dominion Parliament in 1915, giving the Board of Directors authority to pay a patronage dividend after a reasonable rate of dividend had been paid to its shareholders. In passing this amendment to the Charter, Parliament insisted on the provision that patronage dividends could only be paid after the shareholders had so authorized at an annual meeting.

The Grain Growers Terminal elevator at Fort William, known as "Elevator H," was destroyed by fire in March, 1916. The Company immediately bought a site on the water front at Port Arthur and constructed a modern terminal elevator of 300,000 bushels capacity at a cost of \$290,000.00, including the site. The Company's lease for the C.P.R. terminal at Fort William was renewed for a period of five years.

In the spring of 1916 the Board of Directors received word that E. A. Partridge was having financial difficulties. They immediately sent him a Grain Growers' Grain Company cheque for \$5,000.00 as a slight recognition of his untiring efforts in organizing the Company. When this action was reported to the shareholders' annual meeting in Winnipeg, November, 1916, it was received with hearty applause and a resolution was passed approving the action of the Board of Directors in making this grant to the man who had been largely responsible for the formation of the Grain Growers' Grain Company.

During the year 1916 negotiations were carried on between the Grain Growers' Grain Company, the Saskatchewan Co-operative Elevator Company, and the Alberta Farmers' Co-operative Elevator Company for amalgamation of the three into one stronger company. All three companies were expanding rapidly and the possible dangers of over-lapping and rivalry became a matter of concern among many of the shareholders. President Crerar said in his address at the annual meeting of the Grain Growers' Grain Company in 1914:

"With the development of the Saskatchewan Co-operative Elevator Company, and now of the Alberta Co-operative Elevator Company, we must not ignore the possibility of misunderstanding, jealousy, and difference of opinion arising. I say it boldly, that it is the business of the men connected more closely with the guiding of the destinies of these concerns, to build and mould them on harmonious lines. The interests of the farmers of Western Canada, individually or otherwise, are in all essentials the same. They must be brought more closely together and must not be permitted to drift apart. It is not too much to conceive of one great central organization purchasing the supplies required by tens of thousands of our farmers, and of the creation of the proper agencies and the means

War
Declared

Charter
Amended

Company
Builds
Terminal (1)

Grant to
E. A. Partridge
(2)

Negotiations
for Amalgama-
tion with
Alberta and
Saskatchewan
Companies (3)

(1) Annual Report, 1915-1916.

(2) Annual Report, 1915-1916.

(3) Grain Growers Co-operation, p. 164 to 170.

for distributing these, down to the individual unit. The same applies to the sale of produce. Such an organization, welded together for a common purpose, could not help but have a powerful influence on the moulding of public opinion that will find its reflection in the character of our laws."

**Dissent of
Saskatchewan
Company**

The Saskatchewan Co-operative Elevator Company had built up a big grain handling business. They had built a great many elevators and the large acreage of new land was producing good crops. Their close relationship with the Saskatchewan Government and with the Saskatchewan Grain Growers' Association had created a provincial consciousness. The grain acreage in that province was about equal to that of Manitoba and Alberta combined and the Directors of the Saskatchewan company felt that there was room for a purely Saskatchewan grain handling company. After a full discussion, the Saskatchewan representatives decided against federating with the Grain Growers' Grain Company and the Alberta Farmers' Co-operative Elevator Company.

**Amalgama-
tion with the
Alberta
Company**

Negotiations between the Grain Growers' Grain Company and the Alberta company were carried on and details for amalgamation were worked out. While in the matter of financial resources, business turnover and commercial prestige, the Grain Growers' Grain Company was the stronger party to the amalgamation, it was the internal organization and co-operative features of the Alberta company that were reproduced in the constitution of the amalgamated concern.



Head Office of United Grain Growers Limited, Winnipeg, Man.



CHAPTER V

The Alberta Farmers' Co-operative Elevator Company

AT the annual convention of the United Farmers of Alberta, held at Edmonton, January 19, 1910, an elevator committee was appointed, consisting of: Messrs. James Bower, J. Quinsey and L. H. Jelliff, to investigate the elevator system then in operation in Alberta, and to make recommendations to the next convention as to what steps should be taken to improve the marketing facilities in that province.

The Elevator Committee presented a report to the next annual convention of the U.F.A. which was held at Calgary, January 17, 1911. In their report the committee emphasized the difference between Alberta's grain marketing problem and that of the other two prairie provinces. The Panama Canal was nearing completion and this new trade route offered the farmers of Alberta a more profitable outlet for their wheat. The committee recommended that the Canada Grain Act should be amended to provide for grain being shipped westward to the Pacific Coast. Before making any definite recommendation in regard to country elevators the committee desired to observe the elevator schemes that were then under experiment in Manitoba and Saskatchewan.

A year later at the annual convention of the U.F.A. at Edmonton in January, 1912, the Elevator Committee made definite recommendations to the convention for a system of farmer-owned elevators in Alberta based on the Saskatchewan plan. Their report recommended that the Alberta Government be requested to introduce an Act incorporating the Alberta Farmers' Co-operative Elevator Company; that the executive of the U.F.A. be named as provisional directors of the new company; that the Government be requested to make a grant of \$6,000.00 to the provisional directors for organizing expenses and that the Dominion Government be requested to amend the Canada Grain Act so as to provide for shipments of grain through

U.F.A.
Appoints
Elevator
Committee (1)

1911
Report (2)

U.F.A. Con-
vention 1912
Decides to
Form
Elevator
Company

(1) Grain Growers' Guide, February 2, 1910.

(2) Grain Growers' Guide, February 8, 1911.

Vancouver via the Panama Canal. This report was adopted by the convention but when the Alberta Government was approached, they suggested that the Saskatchewan plan had not been in operation long enough to have proven its efficiency and recommended that action be delayed for another year.

U.F.A.
Convention,
1913

The next annual convention of the U.F.A. was held at Calgary, January 21, 22 and 23, 1913. At this convention the U.F.A. Elevator Committee again reported and recommended the formation of the Alberta Farmers' Co-operative Elevator Company on lines similar to those on which the Saskatchewan Co-operative Elevator Company had been founded. After a debate lasting for three hours, the following resolution was adopted by an unanimous standing vote:

Alberta
Farmers
Elevator Co.
Formed (1)

"That the Board of Directors be instructed to appoint a special committee to take up with the Alberta Government the matter of establishment of a line of farmer-owned elevators in Alberta, with the object in view that the interests of the farmers will be protected, more especially from a co-operative standpoint and that the Board be empowered to enter into negotiations for the operation of these elevators by a company working in the interests of the farmers, preferably with the Grain Growers' Grain Company."

The Executive of the Board of Directors of the U.F.A. who were appointed as provisional directors of the new company were: W. J. Tregillus, E. Carswell, J. Quinsey, W. S. Henry, Rice Sheppard, P. P. Woodbridge and E. J. Fream.

Patronage
Dividends

The Alberta Farmers' Co-operative Elevator Company was founded on a sound co-operative basis. Provision was made for patronage distribution of profits subject to the following priorities:

- (a) Annual payments due the Provincial Government;
- (b) All current liabilities;
- (c) Such reserve appropriations as the directors should deem advisable.

Some dissension arose among the directors over the failure to make patronage dividends compulsory. It was agreed by the majority, however, that a reasonable dividend must be offered in order to secure farmers' capital for building elevators and that a reserve would have to be accumulated for trading purposes before any dividend to patrons could be considered.

Alberta
Government
Backs the
New Company

The Alberta Government would not agree to advance capital for the construction of the elevators if the elevators were to be operated by a company (The Grain Growers' Grain Company) whose headquarters were outside the province of Alberta. They agreed, however, to advance 85 per cent of the cost of elevator construction or purchase, as direct Government loans to the Company. This offer was accepted and the directors immediately set

(1) Records of Alberta Farmers' Co-operative Elevator Co.

out to sell shares to farmers and to form shareholders' locals for the construction of elevators.

The act incorporating the new Company was very similar to the Act incorporating the Saskatchewan company, but it had certain significant modifications. It empowered the Company to engage in the co-operative selling of farm supplies and the co-operative handling of livestock. It also set out clearly the line of procedure to be adopted by its shareholders in the case of an amalgamation with the Grain Growers' Grain Company. This was a wise provision, for when amalgamation was being arranged in 1916-1917 there was no hitch in the proceedings and no bitterness developed between the shareholders of the two companies.

Act of
Incorporation

A peculiar circumstance arose in securing lumber for elevator construction. The largest lumber firm doing business in Alberta had refused to supply any building material for the farmers' elevators. This difficulty was eventually overcome by buying lumber in small lots from the smaller mills and dealers, and by importing some lumber from Montana and Idaho.

Construction
Difficulties (1)

At the beginning of the crop year 1913-1914 the Alberta Farmers' Co-operative Elevator Company was ready to handle grain. They had purchased ten elevators and had new elevators under construction at forty-two points. The new Company had sold its shares to farmers at \$60.00 each. (This figure was set deliberately. Being double the book value of the Grain Growers' shares it would make re-allotment of the shares easy in case of amalgamation of the two companies.) Twenty per cent of this amount was due before elevator construction was started at the point where the shareholder was farming. As the Alberta Government was loaning the Company eighty-five per cent of the capital cost of the elevators, a margin of five per cent was thus provided as working capital for the Company.

The New
Company
Acquires
Elevators

The Grain Growers' Grain Company acted as business guardian to the new farmers' company in Alberta. Not only did it handle the latter's grain on the Winnipeg Grain Exchange, but it also loaned capital and credit to assist the Alberta company in financing purchases of street grain and advances to farmers on stored or consigned grain. At the end of its first crop year the Alberta company owed the Grain Growers' Grain Company \$328,189.53. In his address to the shareholders at the annual meeting for the year 1913-14, President W. J. Tregillus had this to say:

Grain
Growers'
Grain
Company
Assists
Alberta
Company (2)

"We are largely indebted to the Grain Growers' Grain Company for their help in financing. They have been, and are, our selling and financial agents, and have at all times been ready to help us, putting their experience as well as their great organization at our disposal."

(1) Annual Report, 1913-1914.

(2) Annual Report, 1913-1914.

Supplies
Department
has trouble
with Railway
Company (1)

The Farm Supplies Department of the Alberta company encountered a serious obstacle when it began handling flour. The superintendent of one of the railways wrote advising the Company that only those elevator companies that owned or operated flour mills could carry stocks of flour at elevators on the railway's property. It was spring before this trouble was finally straightened out and agreements entered into with the milling companies.

President
Tregillus
Dies

Mr. W. J. Tregillus, President of the Alberta Farmers' Co-operative Elevator Company, and one of the pioneers in the farm organizations of Alberta, died on November 12, 1914. He had been President of the U.F.A. for a number of years and had been active in the work of the Canadian Council of Agriculture. At a re-organization meeting of the Board of Directors, Mr. C. Rice-Jones of Veteran, was elected President of the Company.

Grain
Growers'
Grain
Company
Finances
Alberta
Company (2)

During the crop year 1914-15 financing continued to be the greatest problem the Company had to deal with. Considerable difficulty was experienced in securing the payment of annual instalments on subscribed stock. At the end of its third year (1916) the paid-up capital of the Company was actually less than 20 per cent of the subscribed stock. With its small paid-up capital and no assets to speak of, and the fact that the Company's profits had been negligible, made it impossible to arrange its financing through the banks. An attempt was made to have the Alberta Government guarantee their account for such funds as would be needed for the season's business, but the Government had no authority under the Act of Incorporation to do this. So the Grain Growers' Grain Company again came to their rescue and furnished ample funds for carrying on the business.

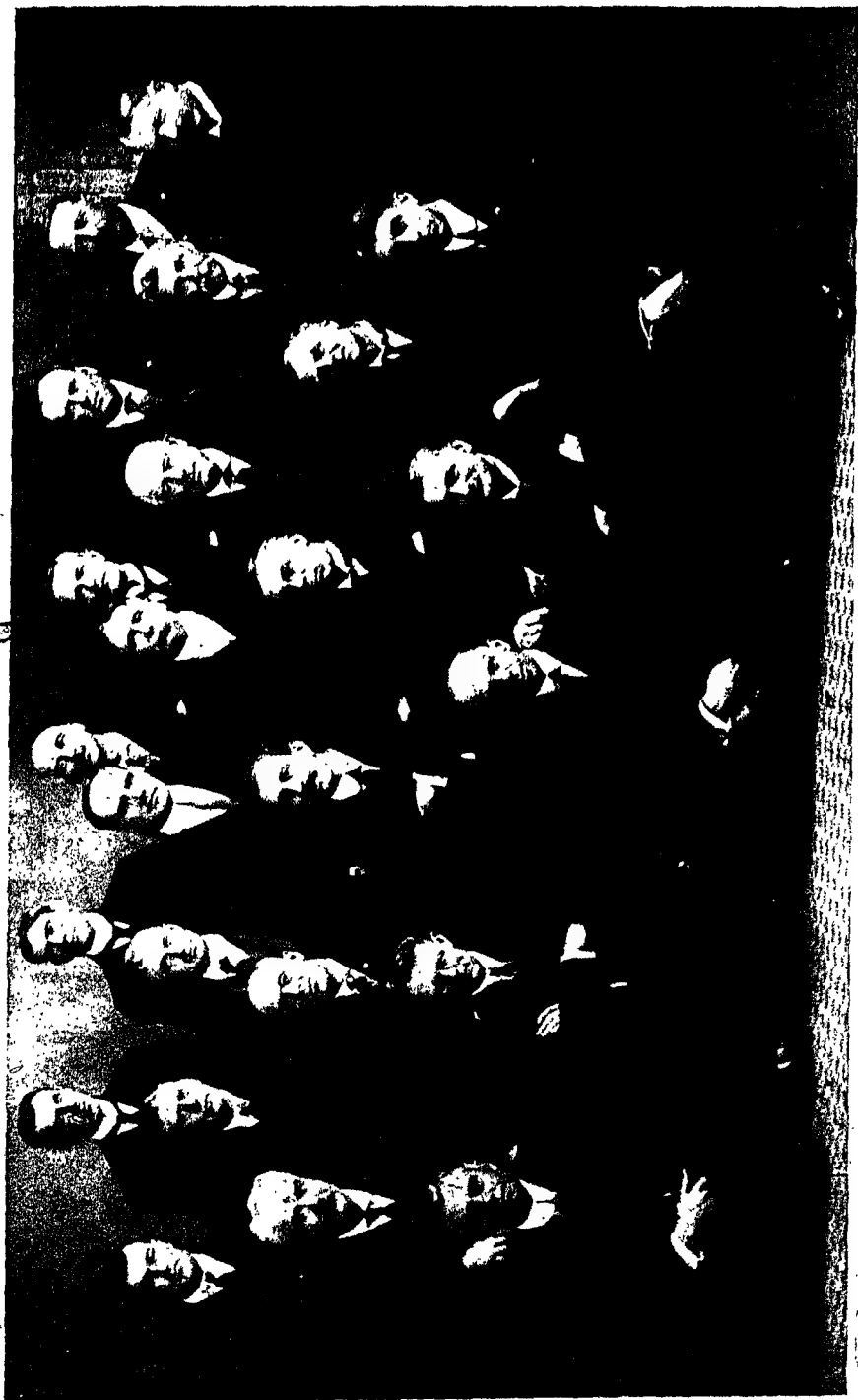
Fourth
Annual Meet-
ing Shows
Profit on the
Year's
Operation

The fourth annual meeting of the Alberta Farmers' Co-operative Elevator Company was held at Calgary on November 15, 16 and 17, 1916. The Financial Statement for the crop year 1916-17 showed a net profit for the year of \$282,426.02 after providing for depreciation of $2\frac{1}{2}$ per cent for the current year, and also for the year 1913-14, when no depreciation had been taken. In addition to this \$175,000.00 had been set aside for a reserve fund.

Amalgama-
tion with the
Grain
Growers'
Grain
Company

The most important question that came before this annual meeting was that of amalgamation of the Alberta Farmers' Elevator Company with the Grain Growers' Grain Company. Their Board of Directors had held conferences during the year with the Directors of the Grain Growers' Grain Company and the Saskatchewan Co-operative Elevator Company with the view of amalgamating all

(1) Annual Report, 1914-1915.
(2) Annual Report, 1915-1916.



Officers and Directors of Joint Board at Amalgamation of Grain Growers' Grain Company and Alberta Farmers' Co-operative Elevator Company.

Back row, left to right: J. E. BROWNLEE, J. J. MACLELLAN, F. J. COLLYER, F. M. GATES, H. C. WINGATE, J. F. REID. Second row, left to right: G. F. CHIPMAN, W. MOFFATT, W. H. TRUMAN, E. J. FREAM, C. F. BROWN, R. MCKENZIE, R. SHEPPARD, R. A. BONNAR. Third row, left to right: JOHN KENNEDY, H. W. WOOD, T. A. CREER, C. RICE-JONES, R. C. HENDERS. Front row, left to right: R. A. PARKER, P. S. AUSTIN, J. MORRISON, E. CARSWELL, P. P. WOODBRIDGE.



three farmers' grain companies into one company. While the Saskatchewan company finally decided not to come into the amalgamation at that time, Manitoba and Alberta had gone ahead and had prepared definite plans for the amalgamation of their two companies.

The Board of Directors presented a report which recommended amalgamation with the Grain Growers' Grain Company. After a long discussion, this report was adopted by the meeting by an unanimous standing vote. The matter of working out the details for the locals to vote on amalgamation was left to the Board of Directors.

The last annual meeting of the Alberta Farmers' Co-operative Elevator Company was held in the fall of 1917. The Board of Directors had, during the year, worked out with the Directors of the Grain Growers' Grain Company, the details of amalgamation. The plan had been submitted to the shareholders' locals and those meetings voted almost unanimously in favour of amalgamation. Among all of the Company's shareholders only twenty-four voted against the plan.

**Last Annual
Meeting of
Alberta
Farmers'
Co-operative
Elevator
Company**

CHAPTER VI

United Grain Growers Limited

United Grain
Growers
Limited

THE amalgamation of the Grain Growers' Grain Company and the Alberta Farmers' Co-operative Elevator Company was consummated at the end of the crop year of 1916-17. The amalgamated company, United Grain Growers Limited, took over the combined business on September 1, 1917. For details of operation the country elevators were divided into two divisions. The Manitoba and Saskatchewan elevators were organized as the "Eastern Division," managed from Winnipeg, and the Alberta elevators as the "Western Division," managed from Calgary. Mr. W. A. Bremer was appointed Superintendent of country elevators for the Eastern Division. Mr. E. S. McRorie was appointed as Manager of the Western Division.

T. A. Crerar
Called to
Ottawa

In the fall of 1917 T. A. Crerar, President of the Company, was called to Ottawa as Minister of Agriculture in the Union Government which had been formed by the Prime Minister, Sir Robert Borden.

C. Rice-Jones
Becomes
General
Manager

On December 20, 1918, Mr. C. Rice-Jones, First Vice-President of the Company, was appointed General Manager of United Grain Growers Limited, owing to the absence of Mr. Crerar as Minister of Agriculture.

Allied Pur-
chasing Board
Takes Over
Export
Company (1)

For the year 1918 the Grain Growers' Export Company turned over all of its organization and services to the Allied Purchasing Board. Through this organization the Board handled all of the oats exported for war purposes from Canada and the United States. These export facilities were given to the Allied Governments at cost.

Patronage
Dividends (2)

At the Company's annual meeting at Winnipeg on November 27 and 28, 1919, the Board of Directors, having given notice at the previous meeting, submitted an amendment to the By-laws of the Company providing for the payment of patronage dividends after a reasonable dividend had been paid to the shareholders on their investment in the Company.

Fixed Prices
1917 and 1918

The wheat crops of the years 1917 and 1918 had been bought by the Board of Grain Supervisors, appointed by the Dominion

(1) Annual Report, 1917-1918.
(2) Minutes of Annual Meeting.

Government, under fixed prices, the price paid for the 1917 crop was \$2.21 per bushel, basis No. 1 Northern, Fort William, and for the 1918 crop, \$2.24½ per bushel.

The armistice of World War I was signed on November 11, 1918, and the warring countries laid down their arms. The governments of Great Britain and other European countries continued their wheat purchases under Government control. The United States Government also continued marketing their wheat through a Government Board known as the United States Grain Corporation.

Armistice
Signed

After two years of Government fixed prices the organized farmers were concerned about what might happen to wheat prices in Canada if the open market system was allowed to function, while importing countries were still buying under Government control. Accordingly, the Canadian Council of Agriculture requested that a Government Wheat Board should be set up with powers similar to those of the United States Wheat Corporation. United Grain Growers Limited and the Saskatchewan Co-operative Elevator Company Limited, as members of the Canadian Council, worked out a plan for the operation of such a Board. The Council submitted this plan to the Dominion Government along with their request for a Wheat Board.

C.C.A. Asks
For Wheat
Board

On July 21, 1919, the Government permitted the Winnipeg Grain Exchange to open for trading in the 1919 crop. In eight days the price of October wheat advanced from \$2.24½ to \$2.45½ per bushel. The Government then closed the Exchange, and on July 31 established a Wheat Board by Order-in-Council. The plan of operations outlined in the Order-in-Council was almost identical with that submitted by the Canadian Council of Agriculture.

Wheat Board
Appointed

The personnel of the Board was as follows:

James Stewart, Winnipeg, Chairman.
F. W. Riddell, Regina, Assistant Chairman.
H. W. Wood, Carstairs, Alta.
W. A. Black, Montreal.
N. M. Patterson, Fort William.
Wm. L. Besh, Ottawa.
C. B. Watts, Toronto.
F. O. Fowler, Winnipeg.
Joseph Quintal, Montreal.
John Z. Fraser, Burford.
W. A. Matheson, Winnipeg.

The Wheat Board had a statutory monopoly in the selling of the entire wheat crop for both export and domestic consumption. It paid the farmers an initial payment of \$2.15 per bushel, basis

Wheat Board
Payments

No. 1 Northern in store Fort William, and issued participation certificates which at the close of the Board's year were redeemed at 48 cents a bushel, making the total price \$2.63.

United Grain Growers Limited, along with all other elevator companies, had a contract with the Wheat Board for handling and storing the wheat. Their business was, therefore, carried on in much the same way as it had been under the open market.

At the annual meeting held in Winnipeg in December, 1921, Mr. Roderick McKenzie of Brandon retired from the Board of Directors owing to ill health. Mr. McKenzie was one of the founders of the Company and had served on its Board of Directors since 1909. He had been active in forming a local of the Manitoba Grain Growers' Association at Brandon in 1903 and became its first secretary. At the first annual convention for the province he was appointed Secretary-Treasurer of the provincial association, which office he continued to fill until 1916. Combined with these positions he was editor of the Grain Growers' Guide from 1908 until 1911. He had been secretary of the Canadian Council of Agriculture from 1914 to 1918. On his retirement from the Board of Directors of the Company he was made a life member of that Board so that he could attend meetings and render assistance whenever his health permitted him to do so. It was a tribute to Mr. McKenzie that the annual meeting of the Company's shareholders unanimously elected his son, Donald G. McKenzie, to fill the vacancy caused by his retirement.

The Dominion election campaign of 1921 saw the organized farmers enter the political arena as the National Progressive Party, with the Honourable T. A. Crerar, President of United Grain Growers Limited, as its leader. The appearance of a "farmers' party" was resented by many members of the older political parties, and in their efforts to discredit the Progressives and their leader, violent attacks were made on United Grain Growers Limited and its management. In political meetings held in the West during the 1921 campaign, the Company and Mr. Crerar were subjected to considerable abuse. While the charges made against the Company were easily refuted, yet there were individuals who, without knowledge or analysis of the facts, believed the unfounded charges. The Company's business, undoubtedly, suffered during these years as a result of its identification with a political party.

In the spring of 1921 the Dominion Government appointed a Royal Grain Inquiry Commission to investigate all matters pertaining to the handling and marketing of grain in Western Canada. Sitzings of the Commission began at Winnipeg on Monday, May 23, 1921, and were held at a number of points throughout the West.

**Roderick
McKenzie
Retires from
Board of
Directors**

**Progressive
Political
Party**

**The
Hyndman
Grain Inquiry
Commission**



R. S. Law
Elected President, 1929



Early in June the Commission authorized its secretary and legal counsellor to hold a secret sitting at Fort William where two former employees of United Grain Growers Limited were examined. The Company was not advised of this hearing, which was contrary to the established legal practice governing the procedure of a Royal Commission. By this time it had become evident that no real attempt was being made to investigate the handling and marketing of grain in general. The purpose of the Inquiry seemed to be to try and find something in the operation of the Company's business that could be used in the forthcoming election campaign to discredit the farmers' political movement.

Some 40 grain companies, therefore, applied for an injunction to restrain the Commission in its investigations. The hearing for the injunction was held before Mr. Justice Curran at Winnipeg on June 22, 1921. This hearing resulted in the granting of the restraining injunction, and the discontinuance of the Commission's inquiries. While the incident probably reacted more to the disadvantage of the Government than the Company, it was indicative of the more or less inevitable results of engagement in political activity by a commercial organization.

In the crop year of 1921-22 the Company handled 31,545,776 bushels of grain and showed a profit on its grain operations in spite of the bad effects of the election campaign. However, the Sawmills Company and the Farm Machinery Branch had been operating at a loss for several years, and it became necessary to apply the earnings on the grain handled to the losses incurred by these subsidiaries.

This was the first year in its history that the Company failed to pay a dividend to the farmers on their investment in the Company. Although the Company was in a strong position financially, its total earnings did not warrant the payment of a dividend on that year's operation.

**Company
Failed to Pay
Dividend**

At the Dominion election on December 6, 1921, Mr. Crerar was elected to Parliament for Marquette, Manitoba, and became leader of the Progressive group in the House of Commons. He resigned at the end of the 1923 session owing to internal dissension within the group. On September 24, 1923, Mr. Rice-Jones resigned as General Manager of United Grain Growers Limited, and Mr. Crerar, who was again devoting his full time to the Company's affairs, was appointed General Manager.

**C. Rice-Jones
Resigns as
General
Manager**

From 1922 until 1926 the Company spent a great deal of time and effort in assisting the three Provincial Pools to organize and become established, and by this time they were already operating and controlling a large volume of grain. The Company also carried

**Wheat Pools
See Chapter
XV**

on negotiations with the Pools in an endeavour to work out a plan for handling both pool and non-pool grain to the mutual advantage of all concerned: Provincial Pools, United Grain Growers and the farmers who produced the grain. The Pools, however, decided to build their own elevators and thus came into competition with the Company at many points in all three provinces. Many United Grain Growers' shareholders felt that the Company would find it difficult to survive this severe competition. However, the Company's reputation for square dealing and its highly efficient system of grain handling that had been developed through years of experience, enabled then not only to maintain the volume of grain handled through their elevators, but gradually to increase that volume.

For some years a great deal of trouble was being experienced at country elevators with dirty grain. The Provincial Departments of Agriculture had conducted surveys of the seed grain being sown by farmers and discovered that in many cases seed was being sown that contained quite a large percentage of noxious weed seeds.

The United Grain Growers investigated this condition and learned that many of their farmer customers were unable to buy the expensive seed-cleaning machinery that was needed to clean the seed thoroughly. Therefore, in 1925, the Company bought 178 highly efficient seed grain cleaners and placed these at 178 of their elevator points where the weed menace was the worst.

These cleaners were rented out to farmers at a charge of \$1.00 a day without an engine, and \$2.00 a day when the cleaner was equipped with a gas engine. Later on, when the price of grain became low, the hiring charges were reduced to 50 cents and \$1.00 a day. As these machines would clean from 150 to 200 bushels of seed in a day, it made possible cheap and efficient seed cleaning for the farmers. The use of these cleaners also made a marked improvement in the quality of the grain delivered to the elevators at points where the cleaners were being used. The rental charge proved to be sufficient to pay for depreciation and repairs. At the time of writing (1943) these cleaners are still being used every winter and spring and reports show that this service has been and still is greatly appreciated by the farmers.

Wet harvest weather in the fall of 1926 resulted in a lot of tough and damp grain being marketed. This had all to be dried at the terminal elevators to prevent it going out of condition. For several months that year the Company operated the C.P.R. terminal at Transcona to meet the necessity for increased drying facilities. The Company also secured a controlling interest in the Burrard terminal

The Company
Provides
Cleaners for
Customers'
Seed Grain

Terminal at
Vancouver

elevator at Vancouver and was in a position to take advantage of the increased demand for shipments through that port.

On September 5, 1927, United Grain Growers Limited had completed twenty-one years of operation. The farmers who had been instrumental in getting the Company started must have felt a glow of pride as they looked upon the great business institution they had built up in slightly over two decades. The Company had not attained its high standing in the business world through accident. Its success was due to the loyalty, courage and self-reliance of the farmers who started it and those who came in later and helped it along. They had seen it grow from small and humble beginnings to become one of the outstanding and successful business enterprises of Canada. It was, therefore, with justifiable pride that the shareholders, at the close of the annual meeting in 1927, sat down to a banquet in the Royal Alexandra Hotel and celebrated the "coming of age" of their Company.

**Twenty-one
Years of
Service**

On April 22, 1927, the Company sold Terminal Elevator "H" at Port Arthur which they had built in 1916 and on May 2, two weeks later, the contract was let for the construction of a new and up-to-date terminal elevator. The building of this new elevator established a world record for speed in the construction of this type of building. On May 31, driving of the pile foundation was begun and the new elevator was completed and ready to handle grain on December 15, 1927. The new elevator was the largest and most modern terminal elevator in the world at that time. It is equipped with the latest and best cleaning and handling machinery and has a storage capacity of 5,500,000 bushels. Grain can be loaded into boats from this elevator at the rate of 80,000 bushels an hour. The consulting engineer who designed and supervised the construction was C. D. Howe, who later became Minister of Public Works in the Dominion Government.

**Terminal
Built at Port
Arthur (1)**

During this same year the Board of Harbour Commissioners at Vancouver enlarged the Burrard Terminal Elevator to enable the Company to handle its increased volume of grain passing through this Western port.

**Vancouver
Terminal
Enlarged**

By the end of the crop year 1927-28 the Company had sold a total of 53 elevators to the Pools and had also leased 20 elevators to them. During the same period the Company had built and acquired by purchase, 109 elevators at new points.

**Some
Elevators
Sold to
Pools**

In June, 1929, the Company suffered a serious loss in the death of Mr. John Kennedy. The late John Kennedy had been very prominent in the farmers' organizations in Manitoba and was one of those

**John
Kennedy
Died**

(1) Annual Report, 1927-1928.

whose untiring efforts had succeeded in getting the Company started. At its first annual meeting, Mr. Kennedy was elected to the Board of Directors and continued to serve the Company in that capacity until his death. In the earlier days of the Grain Growers' Grain Company he had taken a very active part in selling shares to farmers. In this work he had made a host of friends throughout the country. Mr. Kennedy's courage and optimism had played an important part in the development of the Company and his name is highly honoured among the shareholders.

**C. Rice-Jones
Retires**

In January, 1929, Mr. C. Rice-Jones retired from the Company to enter business on his own account. He had been President of the Alberta Farmers' Co-operative Elevator Company at the time of its amalgamation with the Grain Growers' Grain Company, and became Vice-President of United Grain Growers Limited when the amalgamation took place. He had held that position until his retirement.

**R. S. Law
Becomes Vice-
President**

To fill the vacancy caused by the retirement of Mr. Rice-Jones, Mr. R. S. Law, who had been Secretary of the Company for some years, was appointed a member of the Board of Directors, and was elected Vice-President. Mr. Law farmed as a young man in the Exe Valley, Devonshire, England. He was an official of the National Farmers' Union of England. In 1911 he came to Canada and farmed extensively at Claresholm, Alberta. Becoming a Director of the United Farmers of Alberta, he attracted the attention of officials of United Grain Growers Limited through showing exceptional acumen in looking after the business affairs of the U.F.A. In 1921 he joined the staff of the Company as assistant to the Vice-President. In 1922 he was made Secretary of the Company and continued in that capacity until he was made a Director.

**R. C. Brown
Appointed to
Board of
Directors**

The vacancy on the Board of Directors caused by the death of Mr. John Kennedy was filled by the appointment of Mr. R. C. Brown, a prominent young farmer at Pilot Mound, Manitoba. Mr. Brown is a graduate of the Manitoba Agricultural College, and was one of the active leaders among the younger men in the farmers' organizations in Manitoba. He had been Provincial Secretary of the United Farmers of Manitoba for several years.

**Co-operative
Union**

In 1919 United Grain Growers Limited had been admitted to the membership of the Co-operative Union of Canada, after the officials of the Union had made a thorough examination of the Company's charter, by-laws and methods of business. The C.U. of C. is an educational body whose membership is made up of co-operative trading associations that have developed throughout Canada. The work of the Union is to promote co-operation along sound business

lines and to assist co-operatives in a practical way in their business methods, accounting and co-operative management.

At the annual congress of the Union, held at Winnipeg in July, 1929, the President of the U.F.C., Saskatchewan Section, and the Manager of the Saskatchewan Co-operative Wholesale Society, attended and raised objection to the membership of United Grain Growers Limited on the claim that it was not a co-operative organization. The Company did not know that any objection to its membership was to be raised and had its representatives at the congress. When this objection was presented to the congress the Company immediately offered to resign. There was considerable dissent to this, but it was not unanimous. The Company, therefore, resigned from the Union and its representatives withdrew from the congress. It might be interesting to note here that this was the first and last congress of the Union that the two objecting bodies have ever attended. Perhaps it should also be noted here that United Grain Growers Limited's set-up and methods of business are based on the Rochdale System and that no co-operative in Canada comes closer to embodying the principles laid down by the Rochdale Co-operative Society than does United Grain Growers Limited.

Company
Retires from
Co-operative
Union (1)

On January 16, 1930, the Honourable T. A. Crerar resigned from the Presidency of the Company, having accepted the portfolio of Minister of Railways and Canals in the Dominion Government. Mr. Crerar had been President and General Manager of the Company for twenty-three years, having been elected to that position at the Company's first annual shareholders' meeting on July 16, 1907. Previous to that time he had farmed near Russell and had been manager of the Russell Farmers' Elevator. He had taken a very keen interest in the newly formed Grain Growers' Grain Company and had helped it considerably by consigning large volumes of grain to the Company from the Russell district. Both Mr. Partridge and Mr. Kennedy had been impressed with his sincerity and good judgment, so when Mr. Partridge decided to resign from the Presidency, Mr. Crerar was the unanimous choice of the Board for President of the Company.

T. A. Crerar
Resigns

At the Company's annual meeting at Winnipeg on November 12 and 13, 1930, the following resolution, moved by R. Waters of Morrin, Alberta, and seconded by A. McAuley of Leduc, Alberta, was carried unanimously:

"Whereas since the last annual meeting of the shareholders of United Grain Growers Limited, the Honourable T. A. Crerar who, for a period of twenty-three years, occupied the position of President of the Company, has retired from that office;

THE GRAIN GROWERS RECORD

"Resolved, that we, the delegates of the shareholders of the Company assembled at this, the twenty-fourth annual meeting of the Company, place on record our deep appreciation of the splendid services rendered by Mr. Crerar to the Company during his long period of office. We feel that, to a very large extent, it is due to the ability and leadership and the splendid services rendered by Mr. Crerar that the Company has attained its present high standing. We also place on record our deep appreciation of his high personal qualities which have endeared him to a very large number of the Company's shareholders and customers, and we wish him continued prosperity and success in his future career."

R. S. Law
Elected
President

On the retirement of Mr. Crerar, Mr. R. S. Law, who had been Vice-President and Secretary of the Company, was elected President. At the time of writing, Mr. Law has been President and General Manager of United Grain Growers Limited and its subsidiary companies for nearly fourteen years. Nine of those have been lean years in the grain business owing to continuous seasons of drought over a large area of the West, but under Mr. Law's management, the Company has shown a splendid record and has come through the period of depression with an improved financial standing and with increasing popularity among its shareholders and customers.

E. E. Bayne
Appointed to
Board of
Directors

The vacancy on the Board of Directors caused by the retirement of Mr. Crerar, was filled by the election of Mr. E. E. Bayne. Mr. Bayne, who had farmed in the Virden district, had come with the Company on September 1, 1913, as elevator agent at Virden. Later he was made travelling superintendent of elevators, afterwards taking over Field Service work for the Company. In February, 1917, he was appointed to the Winnipeg office as Superintendent of Organization. The many farmers throughout the West who know Mr. Bayne personally, will agree that his appointment to the Board of Directors was a wise one.

J. R. Murray
Retires

Mr. James R. Murray who had been with the Company since 1910, and who had been Assistant General Manager since 1913, retired from the Company's service in May, 1930. No successor was appointed, but instead a re-arrangement of duties was effected among various employees of the Company.

**Consolidated
Balance
Sheet**

Beginning with the crop year of 1929-30, the Board of Directors presented a Consolidated Balance Sheet to the shareholders. This incorporated the assets and liabilities of the subsidiary companies along with those of the United Grain Growers Limited. As all of the subsidiary companies are owned outright by United Grain Growers Limited, the Board of Directors decided that a Consolidated Balance Sheet would give a more complete picture of the position of the Company. In this they were strongly supported by the shareholders' auditors, Price, Waterhouse and Company. Under this plan the subsidiaries are treated as branches of the Company's business, which they really are, and their revenues and expenses are consolidated with those of the parent Company.

During the Parliamentary sessions of 1928 and 1929 the Canada Grain Act was amended, revised and rewritten by the Agricultural Committee of the House of Commons at Ottawa. This removed certain inconsistencies which were in the old Act and gave more power to the Board of Grain Commissioners. The new Act also provided for an assistant Commissioner in each of the three prairie provinces to make the administration of the Act more efficient. A new Board of Grain Commissioners was appointed by the Dominion Government, composed of: E. B. Ramsay, Chairman, and Dr. D. A. McGibbon and C. M. Hamilton as commissioners. To prevent any deterioration of grades in the terminal elevators and in order to maintain a high standard for the grades of Canadian wheat, the revised Act provided for a higher standard on grades shipped out of the terminals than that used at the inspection points where grain is graded before going into the terminals. It also provided for a higher standard of quality in grades No. 1 Hard and Nos. 1, 2 and 3 Northern at inspection points. The Company maintained a representative before the Agricultural Committee while the amendments to the Act were being considered. He was able to give valuable assistance to the Committee because of the Company's long experience in handling grain. The Company opposed the stiffening of grades at country points on the ground that the farmer would get less for his wheat. That is, some wheat which had formerly graded No. 1 Northern would grade only No. 2 Northern under the new standards for grades.

Canada
Grain Act
Rewritten

Another amendment prohibited the mixing in terminal elevators of grades No. 1 Hard and Nos. 1, 2 and 3 Northern. The Company opposed this amendment, claiming that it would tend to make a poorer market for the lower grades of wheat and the farmer would lose accordingly. The Company also established the fact that in some years 80 per cent of our wheat graded above No. 3 Northern and other years 80 per cent of it graded below No. 3 Northern. The millers want a uniform grade year in and year out. The Company claimed that with mixing privileges it was often possible to build up grades suitable to the millers when, if this was not allowed, millers would look to other exporting countries for the grades they wanted. They claimed that the new "out-turn standards" would safeguard the buyers of Canadian wheat against any deterioration of grades through mixing in the terminals.

Mixing in
Terminals
Prohibited

In the fall of 1931 Mr. E. A. Partridge died at Victoria, B.C. The Company had been paying a pension to Mr. Partridge for many years and the Directors' report made this reference to his connection with the Company:

E. A. Partridge
Died

THE GRAIN GROWERS RECORD

"The services which he rendered in the early days to the cause of agriculture and, in particular, the part he took in the early history of the Company, will always be gratefully remembered by those who have benefitted by his devotion to the cause of agriculture in those early days."

Sir Josiah
Stamp
Commission
on Futures
Trading

On April 10, 1931, the Dominion Government appointed a Commission headed by Sir Josiah Stamp, with Chief Justice Brown and W. Sanford Evans as Assistant Commissioners, to inquire into and report upon what effect, if any, the dealing in grain futures has upon the price received by the producer. Hearings were held in Winnipeg, Regina, Calgary and Chicago. Twenty-one witnesses were heard, including officers of the Winnipeg Grain Exchange, operators of country elevators, exporters, millers, grain merchants, commission brokers and farmers.

The findings of the Commission were:

Findings of
the Stamp
Commission
(1)

"That in addition to the benefits reflected to the producer in furnishing a system of insurance for the handling of his grain, and in providing an ever-ready and convenient means for marketing the same, future trading, even with its disadvantages of numerous minor price fluctuations, is of distinct benefit to the producer in the price which he receives."

Group
Insurance

On March 30, 1931, the Company made arrangements with the Sun Life Assurance Company for Group Life Insurance for the Company's employees. This provides desirable, low-cost life insurance on a contributory basis, a portion of the cost being paid by the Company. Acceptance of this Group Life Insurance plan is contingent to employment for all male employees but is optional for female employees.

Depression
Years. Lowest
Price for
Wheat

The years from 1930 to about 1936 were known in Canada as the "years of the depression." At Liverpool, England, wheat prices reached their lowest point in 300 years. In Canada the price of wheat dropped to 38 cents basis No. 1 Northern, Fort William, on December 16, 1932. As the depression continued, taxation increased in municipal, provincial and federal fields. The higher taxes made it increasingly difficult for business concerns to carry on. For example, the taxes paid by United Grain Growers Limited for the year 1931-32 were:

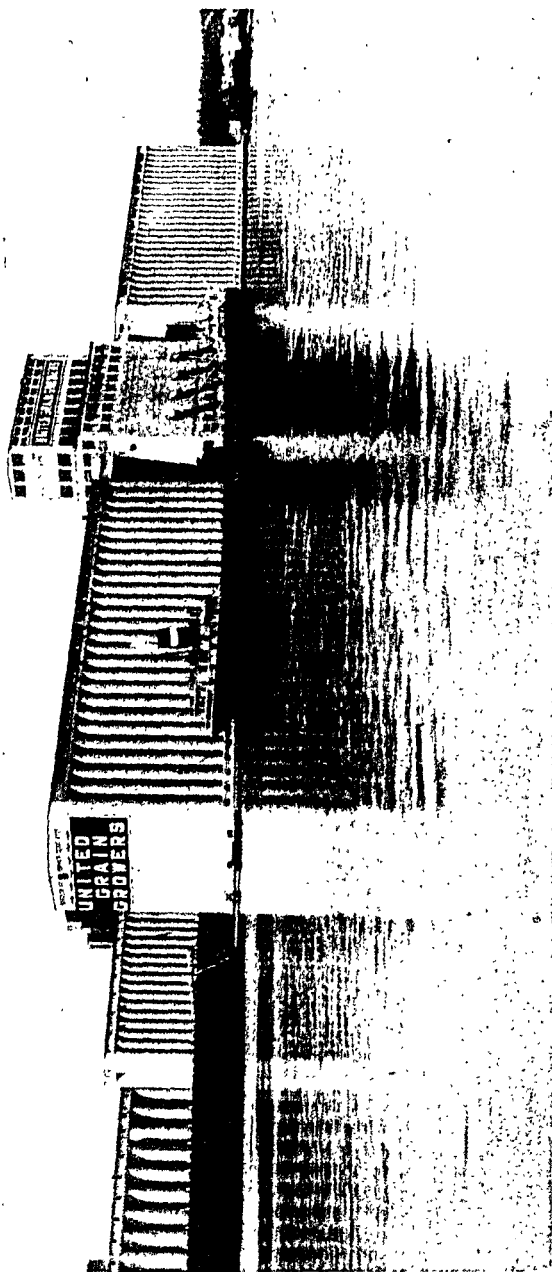
Municipal Taxes.....	\$ 160,667.00
Stamp and Gasoline Taxes.....	15,000.00
Income Taxes	28,042.99

Total Taxes\$ 203,709.99

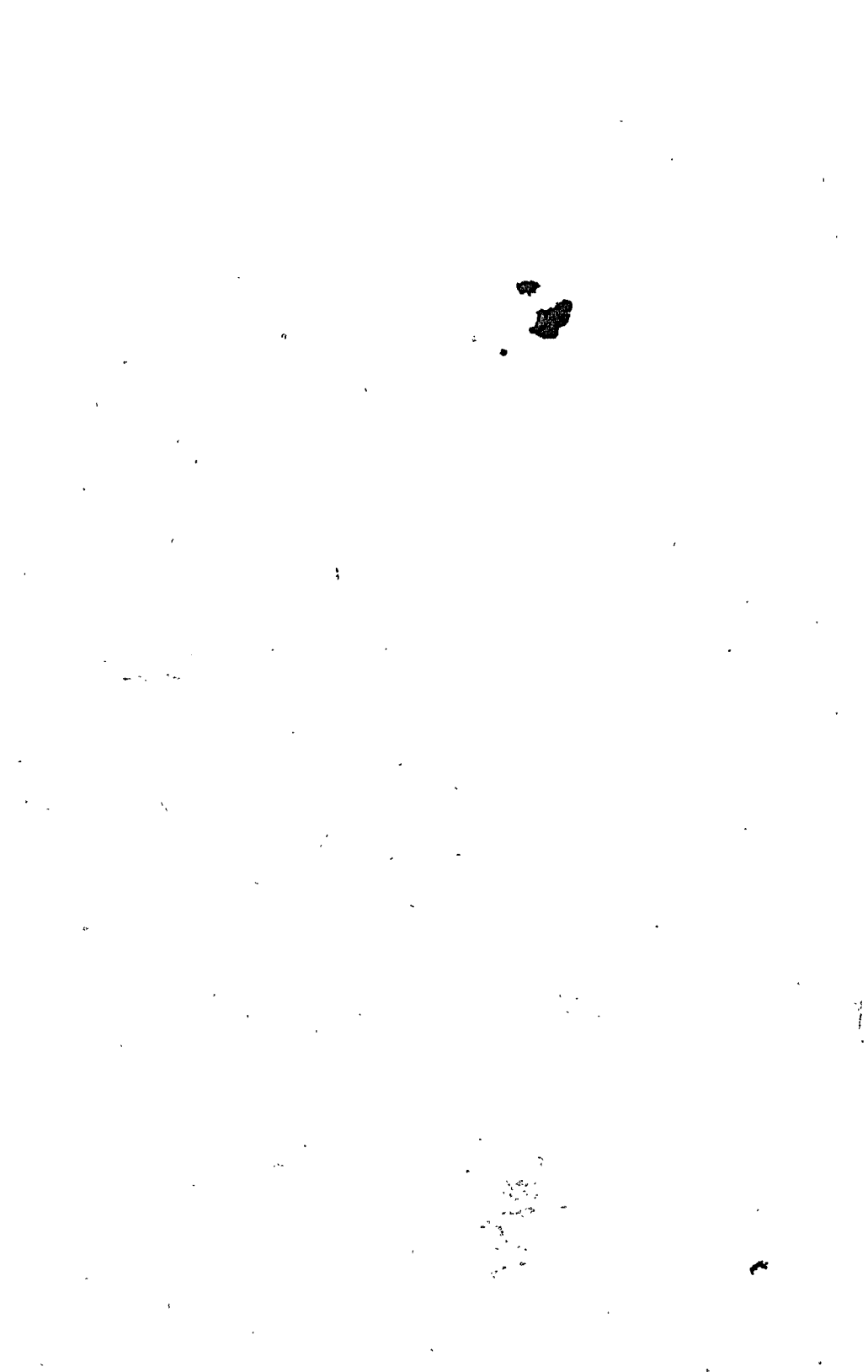
Vancouver
Terminal
Enlarged (2)

Owing to the increase in the Company's business through Vancouver, it became necessary to enlarge the United Grain Growers' terminal elevator at that port. This terminal is owned by the Dominion Government and the Company operates it under lease from the Board of Harbour Commissioners. The Company requested

(1) Report of Commission.
(2) Minutes of Annual Meeting, 1933.



United Grain Growers Limited Terminal at Port Arthur, Ont.



the Government to enlarge this terminal in 1932. The Government recognized the need for more storage space at Vancouver, but claimed they had no funds available for building the necessary addition to the elevator. The Company then offered to advance the capital for building the addition and the offer was accepted by the Government. The Company proceeded to enlarge the terminal to a capacity of 2,600,000 bushels. The following year the Government repaid the Company's loan which amounted to \$239,575.77.

In 1933 another veteran of the farmers' movement passed away in the person of the Honourable George H. Langley of Maymont, Sask. Mr. Langley had been a Director of the Company for the two years 1910-11 and 1911-12. With the formation of the Saskatchewan Co-operative Elevator Company, he became a member of its Board of Directors and for many years represented that Company on the Canadian Council of Agriculture. A message of condolence was sent to his family from the shareholders attending the annual meeting of the United Grain Growers on November 8, 1933.

From the year 1929 until 1937 there was a large carryover every year of unsold Canadian wheat. The existence of this carryover had a very depressing influence on the market and exceedingly low prices were the result. The Board of Directors had given this subject a great deal of attention during 1933 and, with the aid of the Company's Research Department under Mr. H. L. Griffin, had evolved a plan for setting up a Canadian Wheat Institute.

The plan for setting up the Institute was that all Canadian grain handling concerns should be members of the Institute and contribute towards its maintenance; that Banks and Mortgage Companies, Railway and Steamship Companies might well see the advantages which should accrue to business generally from its operations and should assist in setting it up.

In the Company's proposal for a Wheat Institute there was no suggestion of a large, high-salaried Board, but their plan was to have one man as Superintendent of the Institute and to use on a part-time basis the publicity men and scientific research men already in the employ of the Dominion Government. The functions of the Institute would be:

1. Focusing information at present available bearing on the disposal of Canadian wheat.
2. Commercial and economic research concerning markets for Canadian wheat.
3. Guidance and exploitation of scientific research.
4. Assistance in formulating the wheat policy of the country,

Hon. Geo. H.
Langley Dies

Wheat Carry-
over Causes
Anxiety

Canadian
Wheat
Institute
Suggested (1)

including assistance to producers and to federal and provincial governments.

5. Assistance to the Department of Trade and Commerce in the regular operations of that Department.
6. Study of trade relations affecting wheat.
7. Acting as a source of information to individuals and organizations dealing in Canadian wheat and flour, bread, macaroni and other products made from wheat.
8. Direct advertising and merchandising work on behalf of Canadian wheat and its products.

This plan provided for scientific and commercial research into the possibilities of using an admixture of Canadian wheat with the soft wheats used in European countries; the possibility of mixing Canadian wheat with rye in countries where rye bread was the staple food; research into the possibility of using Canadian wheat for macaroni and its allied products; research work on the possible industrial uses of Canadian wheat; a study of the adverse effects on international wheat prices from policies of subsidizing wheat exports and the possible means of checking this practice; advertising to Great Britain, the importance in the interests of British investors and of British trade, of maintaining a large flow of Canadian wheat to the British market.

This plan for setting up a Canadian Wheat Institute for the purpose of promoting the sale and increased use of Canadian wheat was presented to the shareholders at their annual meeting at Winnipeg, November 8 and 9, 1933, and was endorsed unanimously by the delegates.

**Shareholders'
Locals
Reorganized**

During the year 1933-34 the Company reorganized its shareholders' locals, reducing the number from 347 to 281. This reduction of approximately 20 per cent was evenly distributed in the provinces of Manitoba, Saskatchewan and Alberta. The change reduced the cost of the annual meetings nearly \$5,000.00 a year by cutting down the number of delegates attending.

**The Natural
Products
Marketing
Act**

At the Parliamentary session of 1934 an Act known as the Natural Products Marketing Act was passed at Ottawa. When the Bill was in the committee stage, the Company presented its views in opposition to grain being included in the Bill. The Company objected to grain marketing being included under a Board whose attention would be largely devoted to local marketing in Canada. They suggested that any improvements concerning grain marketing should be built on the solid foundation already established by the Canada Grain Act. They opposed the general idea of licensing, restrictions and compulsion as applied to the growing and the marketing of grain. They

emphasized the fact that the real problem with respect to Canadian grain was not that of marketing, but that of markets.

The delegates attending the annual shareholders' meeting at Edmonton, November 7 and 8, 1934, unanimously endorsed the views presented by their Directors on the Natural Products Marketing Act. Two years later, the Supreme Court of Canada declared that Act to be unconstitutional.

Early in the year 1931 the Dominion Government put into effect a "stabilization policy" with respect to wheat. The Pools had collapsed under the existing low prices and their Central Selling Agency was carrying a large volume of wheat. The Dominion Government took over this wheat and settled the claims that the banks held against the wheat. It appointed John I. McFarland of Calgary as manager of the Central Selling Agency and the policy was adopted of holding this wheat off the market in order to sustain or increase wheat prices. In carrying out this policy the wheat carryover was increased during the years from 1931 to 1935.

During the Parliamentary Session of 1935 a special committee was set up to study the problem of marketing the surplus of Canadian wheat. The carryover of wheat had steadily increased in volume in spite of five successive lean crop years. While the existence of the heavy stocks of wheat had helped out the Company's earnings as well as the earnings of all other elevator concerns, the Board of Directors knew that its existence was having a very depressing effect on wheat prices. Accordingly, on behalf of the Company, they presented a brief to the Special Committee at Ottawa which contained the following concrete suggestion:

1. We believe a commission should be appointed through which the Government would directly assume responsibility for disposal of present Government wheat holdings, and through which it would take such further steps as may be required to protect producers from a disastrously low price.
2. The loss, if any, which may ultimately occur in the disposal of the surplus wheat accumulated on Government account should be a continuing responsibility of the Government and should not be made a charge against the proceeds to farmers of the 1935 or any subsequent crop.
3. The provisions (in the Bill) for the operation and control of elevators should be deleted.
4. A system involving partial payments to farmers for their wheat and the issuance of participation certificates is not practical under present conditions.

**Wheat
Stabilization
Policy**

**Special
Committee
on Wheat
Marketing**

**Company
Presents
Brief on
Wheat
Marketing**

5. There should be no interference with the present system of marketing coarse grains.
6. Special regulations of short selling in the futures market should be introduced by the Winnipeg Grain Exchange and in connection therewith a Government Markets Supervisor should be appointed.
7. That aggressive work should be undertaken to enlarge the market for Canadian wheat.

The Bill as finally adopted by Parliament was closely in line with the recommendations made to the committee by the Company.

Canadian
Wheat Board
Set Up

The Canadian Wheat Board was appointed on August 14, 1935. Its members were: John I. McFarland, Chairman; D. L. Smith and H. C. Grant. An advisory committee was appointed with the following members: Robert McKee, Vancouver; Lew Hutchinson, Calgary; L. C. Brouillette, Regina; Brooks Catton, Hanley, Sask.; S. T. Smith and P. M. Bredt, Winnipeg, and C. H. G. Shortt, Montreal. The initial Board price was fixed at 87½ cents, basis No. 1 Northern, Fort William.

At the beginning of the threshing season the open market price was higher than the Board price, and practically no wheat was delivered to the Board. Later in the fall, the market price dropped below the Board price and during that period all of the wheat being marketed was delivered to the Board.

Dominion
Election, 1935

A Dominion election was held on October 14, 1935, and the Bennett Government was defeated by the Liberals, under Mr. MacKenzie King.

On December 3, 1935, the personnel of the Wheat Board was changed. The new Board members were: J. R. Murray, Chairman, George H. McIvor and Dean A. M. Shaw.

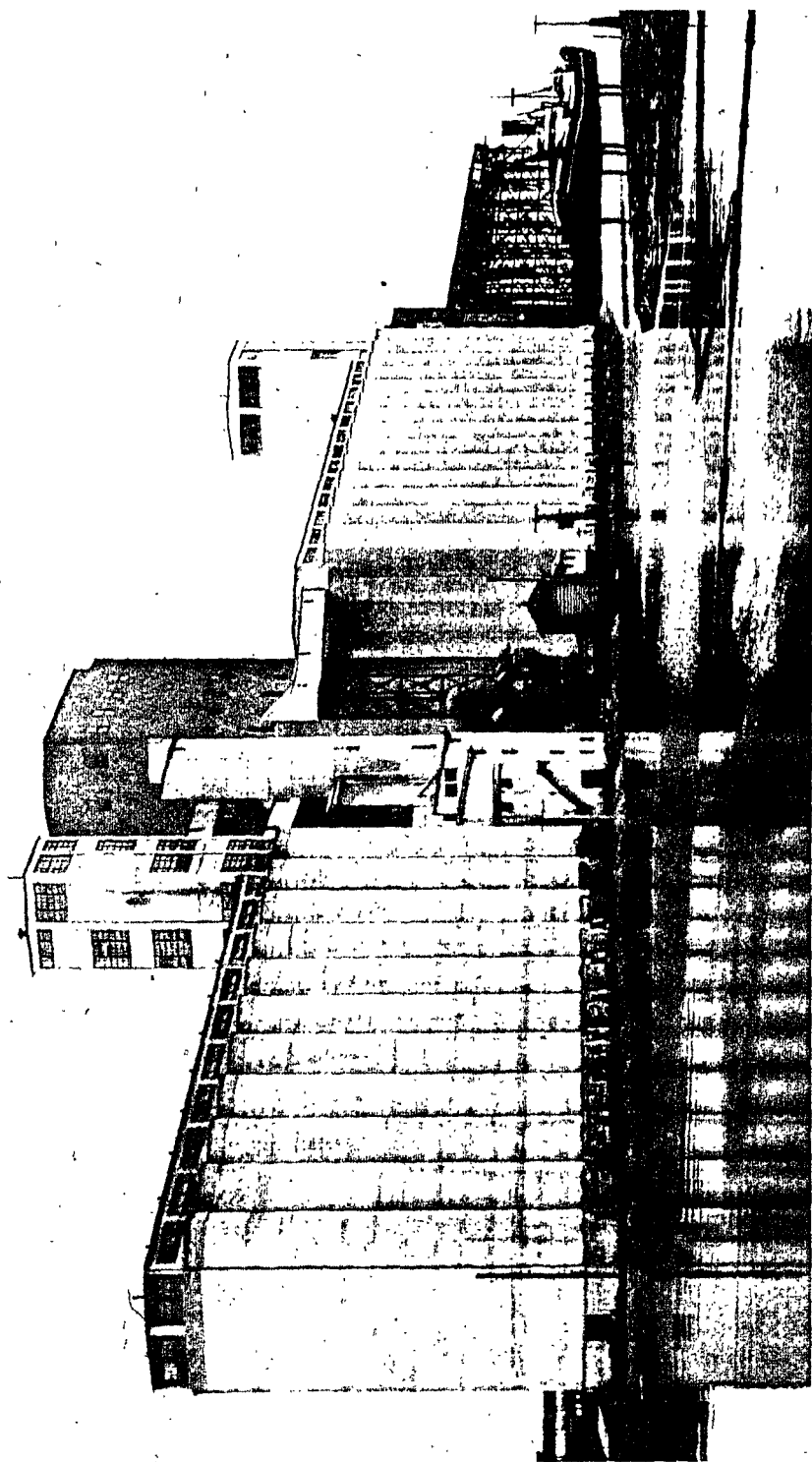
Wheat Board
Holdings
Reduced (1)

The holdings of Board wheat were reduced from 295,376,167 bushels at the end of November, 1935, to 84,698,652 bushels on July 31, 1936.

D.G. McKenzie
Resigns as
Minister of
Agriculture to
Take Position
in Company

In 1935 Mr. D. G. McKenzie was elected as First Vice-President of United Grain Growers Limited, and he resigned from the portfolio of Minister of Agriculture in the Manitoba Government and took a position in the Company's office at Winnipeg. Mr. McKenzie, who is a son of the late Roderick McKenzie of Brandon, had held several important public positions. For some years he was Provincial Secretary of the United Farmers of Manitoba. In 1926 the Dominion Government appointed him a member of the Tariff Board at Ottawa. He was Western Canada's representative on that Board. From this position he was taken into the Manitoba Govern-

(1) Canada Year Book, 1939, p. 577.



United Grain Growers Limited Terminal at Vancouver, B.C.



ment as Minister of Natural Resources and later appointed Minister of Agriculture.

In 1936 a new sales tax was levied in Alberta. The Company held several meetings with the Alberta Government and were successful in getting several important commodities, bought by the farmers, exempted from the sales tax.

**Alberta
Sales Tax**

On June 27, 1936, the Dominion Government appointed the Royal Grain Inquiry Commission with Mr. Justice Turgeon of Saskatchewan as sole Commissioner. The Commissioner made a very extensive inquiry into the different forms of marketing grain and their effect on the prices paid to farmers. Sitings of the Commission were held at Winnipeg, Saskatoon, Regina, Edmonton, Calgary, Vancouver and Ottawa, and with the consent of those concerned, at London, Liverpool, Glasgow, Paris, Brussels, Antwerp, Rotterdam and Chicago. In all, 122 days were devoted to these sittings. Two hundred and sixty witnesses were heard and 715 exhibits filed. The Commissioner's report was submitted to the Government on January 20, 1938.

**The Turgeon
Grain Inquiry**

It was significant that during this whole inquiry not a single criticism was voiced against any elevator company nor against the present system of handling grain. This was a silent tribute to those farmers who had set up their own Company at a time when the grain handling situation was intolerable and to the influence their Company had exerted on the methods and practices of handling the grain grown by Western farmers.

**No Criticism
of Elevators**

Mr. R. S. Law, President of United Grain Growers Limited, presented a brief at this inquiry, setting out at some length the work this Company had done toward improving marketing conditions during the thirty-one years of its existence and made the following recommendations on behalf of its shareholders and Board of Directors:

**Company
Presents
Brief**

1. The Company reiterated its opposition to any compulsory system of marketing excepting under very special emergency conditions such as existed during and immediately following the Great War.
2. It advocated the retention of the Wheat Board as organized in 1935.
3. It emphasized the necessity of some policy sponsored by the Dominion Government to insure to growers of wheat a minimum return so as to prevent any recurrence of the abnormally low return to farmers such as prevailed during the recent depression, and expressed the belief that this policy could best be carried out by the continuance of a Wheat Board such as was established in 1935.

4. It advocated supervision of the Winnipeg Grain Exchange along the lines previously recommended by Sir Josiah Stamp.
5. It advocated that consideration be given to the question whether any plan could be adopted which would provide a medium for wheat marketing to those who preferred to take an average of the year's prices.

Mr. H. L. Griffin, head of the Company's Research Department, presented a second brief for the Company in which he outlined the Company's plan for a Canadian Wheat Institute whose duty would be to promote the sale of Canadian wheat in other countries and to carry on scientific research with the view of finding new industrial uses for wheat. This brief suggested that all of this work could be carried on by a Government Wheat Board.

These two briefs are among the permanent records of the Company and should be read by every shareholder.

The Wheat Board price of $87\frac{1}{2}$ cents a bushel was retained for the years 1936 and 1937, but with the proviso that the Board would not take any wheat unless the market price dropped to 90 cents a bushel. As the open market prices ranged considerably higher than this figure during these two years, no wheat was bought by the Board.

In July, 1937, J. R. Murray resigned as chairman of the Wheat Board and George H. McIvor succeeded him. R. C. Findlay was appointed to the Board.

The Company had continued its efforts for the operation of the Wheat Board until definite assurance was received that the Board would be allowed to function fully for the marketing of the 1938 crop. On July 31, 1938, the Company addressed the Government urging that the price of wheat be set at $87\frac{1}{2}$ cents a bushel, basis No. 1 Northern, Fort William. The price was finally fixed by the Government at 80 cents.

During the crop year 1937-38 the Company found it necessary to protest to provincial authorities against the assigning of elevator agents as collectors of debts both by provincial governments and by private creditors. So many claims and seizures were received at country elevators that it was difficult for an agent to carry on his regular duties efficiently and satisfactorily. The Directors felt that it was unjust for the Company to be forced into acting as a debt collecting agency. There is no remuneration provided for this work, and there is considerable risk of loss to the Company if notices are overlooked or forgotten. The Company did not seek to obtain revenue from such work, but wanted to be relieved of the responsibility.

**Wheat Board
Inoperative
Unless Price
Dropped to
90 Cents**

**J. R. Murray
Retires as
Chairman of
Wheat Board**

**Company
Protests
Against Debt
Collections at
Elevators**

The rapid delivery of grain and the increased use of larger trucks had made it necessary for country elevators to be equipped with longer dumps and larger scales. The Company, therefore, proceeded to carry out an extensive programme of modernizing and improving its country elevators. Equipment that would ordinarily have lasted until the elevator became obsolete was torn out and replaced with equipment suitable for handling the large trucks.

**Big Trucks
Make Larger
Scales
Necessary**

Following up the Company's plan of chemical research for finding new industrial uses for farm products, its Vice-President, Mr. D. G. McKenzie, had been stressing the need for this work on every possible occasion. As a result of his efforts, the Canadian Chamber of Commerce set up a National Chemurgic Committee in 1939, with Mr. McKenzie as chairman. This committee was backed by a number of industrial firms. A survey was inaugurated of the research facilities in Canada of both commercial and educational institutions.

**National
Chemurgic
Committee**

Several routine amendments to the Canada Grain Act were made at the Parliamentary Session of 1939. An amendment to increase the percentage of hard vitreous kernels required in grades No. 1 Hard, Nos. 1, 2 and 3 Northern, was opposed by the Company before the Agricultural Committee at Ottawa. The Company claimed that the proposed changes would frequently result in loss to individual farmers with no corresponding increase in the value of grain shipped for export. After hearing the Company's argument, the Committee withdrew the clause raising the standards of grades No. 1 Hard, No. 1 and No. 2 Northern, but raised the standard of No. 3 Northern.

**Canada Grain
Act
Amended (1)**

At its 1939 session, the Dominion Parliament passed the Wheat Co-operative Marketing Act, which was intended to carry out the recommendation of the Turgeon Commission for encouragement of co-operative wheat marketing. At the same session the Wheat Board Act was amended, limiting deliveries from any one farmer to 5,000 bushels. This left the farmers producing more than that quantity of wheat with no guaranteed price for a portion of their crop. The guaranteed Wheat Board price for up to 5,000 bushels from each farmer was 70 cents a bushel.

**Co-operative
Marketing
Act**

The Company entered into an agreement with the Government to arrange for the co-operative selling of wheat which any farmer might have in excess of the 5,000 bushels he was permitted to sell to the Board. The Company paid an initial payment of 56 cents a bushel, basis No. 1 Northern, Fort William, for this wheat when delivered in the fall of 1939. Under authority of the Dominion Government the Company was able to pay an interim payment of

**Company
Operates a
Successful
Wheat
Pool (2)**

(1) Annual Report, 1939.
(2) Annual Report, 1939.

14 cents a bushel on April 15, 1940, and in September, after all expenses and accounts had been paid, Government approval was obtained for a final payment which brought the net proceeds up to 80¾ cents for No. 1 Northern, Fort William.

Five other grain-handling concerns made similar arrangements with the Government, but from all available information, prices received by farmers making use of the United Grain Growers' co-operative plan were considerably higher than those obtained through other agencies under the Wheat Co-operative Marketing Act.

Ten Years of
Short
Crops (1)

During the ten crop years from 1930 to 1939, inclusive, the Company had carried on its operations under very trying business conditions. The successive short crop years coupled with the general depression had made it extremely difficult to operate any business successfully. During that period, however, the Company paid approximately \$1,000,000.00 in dividends to its shareholders. While also paying approximately half a million dollars in Dominion Income Taxes, it had reduced its Capital Debt by \$2,448,938.69.

Outbreak
of War

September, 1939, will forever be remembered as the month in which the challenge to democracy and free institutions was flung down by Nazi Germany. The Company immediately took an active part in assisting to organize agricultural production for war purposes.

When Canada declared war on Germany on September 10, the 1939 crop was just being threshed. In addition to the current wheat crop of 360,000,000 bushels there was a carryover of wheat from preceding years of over 300,000,000 bushels. This wheat was in storage in country elevators, terminals and at Eastern ports. The farmers were experiencing trouble in marketing their wheat owing to lack of space in country and terminal elevators.

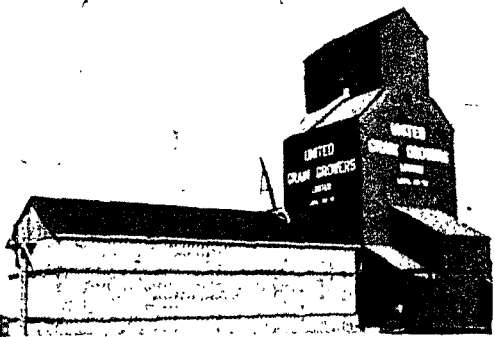
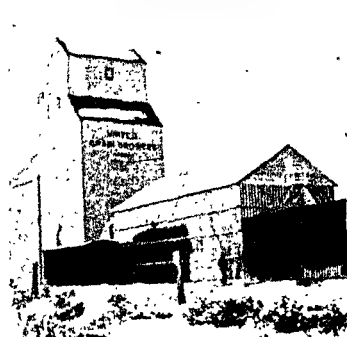
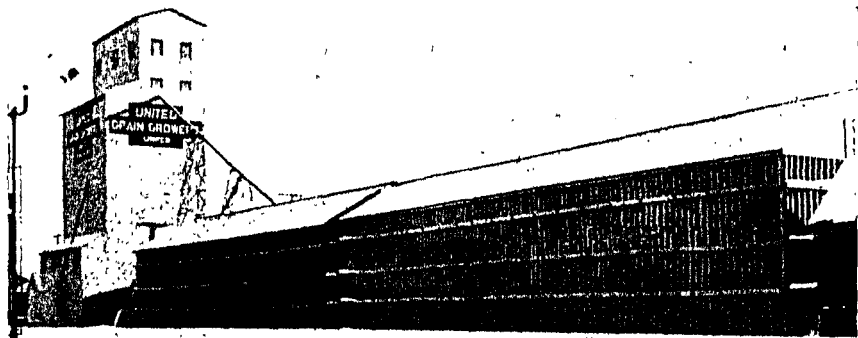
Temporary
Wheat
Annexes

The Company began building temporary annexes at country elevators to create additional storage space. In the two succeeding years they built 355 of these temporary storage annexes including two at their terminal at Port Arthur. The total storage capacity thus provided was 15,000,000 bushels. In providing this additional storage space the Company enabled its customers to market wheat that would otherwise have had to be held back on their farms.

Company's
Case Against
Abandonment
of Railway
Branch Lines

For several years there had been some agitation for the abandonment of certain railway branch lines. In 1939 applications were made by the railway companies to the Board of Transport Commissioners for permission to abandon operation of hundreds of miles of branch lines in Western Canada. This would have been very detrimental to the farmers served by these lines. The Company, therefore, considered

(1) Annual Report, 1940.



Some of United Grain Growers Limited temporary annexes built to cope with the need for increased storage space during the years of the big carry-over.

it their duty to oppose the suggested abandonments and at the hearings of the Board not only presented arguments in opposition, but also assisted both farmers and municipal organizations in preparing briefs along the same lines. The Company was fortunate in being represented by the Superintendent of the Company's Traffic Department, who has had long experience in railway matters and in making presentations to the Board of Transport Commissioners; he collected a large mass of data and prepared exhaustive briefs on the different branch line cases. The Company was complimented by the Commissioners for the thoroughness of its work in this connection. As a result of the strong cases presented by the Company and other protesting bodies, the Board of Transport Commissioners refused to allow the abandonment of any branch lines in Western Canada on which there was any rural development. Although in all Canada approximately 63 per cent of the applications for abandonment were authorized, practically all of these were in Eastern Canada.

At several of the shareholders' annual meetings in recent years there had been discussion on the advisability of reorganizing the Company's capital structure. The Board of Directors had given this subject a great deal of consideration and at the annual meeting in November, 1939, they presented a plan to the delegates. This plan was adopted unanimously and the Board was authorized to work out the details of the new plan and to apply to the Dominion Government for amendments to the Company's charter which would enable the shareholders to reorganize the capital stock structure of the Company.

The Board of Directors went ahead with their plan and at the next annual meeting it was presented in detail to the delegates, and was carried unanimously. At the Parliamentary Session of 1941 the Company's charter was amended and at the annual meeting in November, 1941, the plan to reorganize the capital stock structure of the Company was again presented to the meeting along with the amended by-laws which the Board had drafted to correspond with the new plan and with the charter amendments. These were carried unanimously.

The plan for reorganization was that for each share of capital stock (par value \$25.00) there should be issued one Class "A" or investment share, par value \$20.00, and one Class "B" membership share, par value \$5.00. The Class "A" shares would have all restrictions removed as to ownership, but no individual could hold more than 250 of these investment shares. The Class "A" shares would carry no voting rights, but would be in a preferred position in that no dividends could be paid on the "B" class shares until 5 per cent

**First Move
Toward Re-
organization
of Company's
Capital
Structure**

**Company's
Charter
Amended**

**Plan of New
Capital
Set-up**

**Class "A"
Shares**

had been paid on the "A" class shares. The dividends were to be paid on the "A" class shares only when the Company's earnings warranted it and were not to be cumulative. In carrying out the division of the shares not more than four "B" class shares would be allotted to any shareholder, and, if a shareholder desired, he could take all "A" class shares if the number of shares he held would work out to the value of any number of \$20.00 shares.

Class "B" Shares

The "B" class or membership shares would be sold in future only to farmer customers of the Company. These shares carried the voting rights and the "B" class shareholders would control the Company. At least one "B" class share would be available for every customer, but no individual could hold more than 25 of them. The "B" class shares would not be entitled to a dividend any year until the holders of "A" class shares had been paid 5 per cent on the par value of the "A" class shares. After that the "B" class shareholder would be entitled to a stock dividend on the par value of his shares or, a patronage dividend based on the number of bushels of grain that he had delivered to the Company's elevators during the year on which the dividend was being paid.

Qualification for Delegates and Directors

While any shareholder holding a "B" class share would be entitled to vote at shareholders' meetings, only those holding at least one "A" and one "B" share or those holding five "B" shares would be qualified to attend the annual meetings of the Company as a delegate or be qualified to be a Director of the Company.

Re-organiza- tion of Locals

Following the reorganization of the Company's capital structure, a patronage dividend was declared for farmer shareholders who delivered grain to the Company's elevators during the crop year 1940-1941. In order to qualify for the patronage dividend, a number of the farmer customers had to take out "B" class shares. This necessitated a reorganization of the shareholders' locals. In reorganizing the locals the Company's policy is to eliminate non-elevator locals where possible and group the shareholders into locals at elevator points. This has been arranged for and when war conditions warrant organization work being resumed, there will be new locals set up at a number of elevator points that had no local before. A reduction will be made in the number of non-elevator locals.

Employees Retirement Pension Plan

On January 1, 1942, the Company put into effect a pension plan that had been authorized at the previous annual meeting. This plan is operated through the Annuities Branch of the Dominion Government. Each employee over twenty-seven years of age contributes monthly 3 per cent of his or her salary. The Company contributes the balance of the cost of the plan over and above the contribution

of the employees. The retiring age is 65 years for male employees and 60 years for females.

During these war years the Company has been very active in presenting the needs of the Western farmers to the Dominion Government. It has also played an important part in promoting Canada's war effort. In January, 1942, the Board of Directors prepared a statement on Agricultural Policy for 1942-43. This statement was presented to the Canadian Federation of Agriculture at its meeting at Ottawa later in the same month.

**Company's
Agricultural
Policy
Accepted by
C.F.A. (1)**

The Canadian Federation is made up of:

- United Farmers of Alberta.
- United Farmers of Canada, Saskatchewan Section.
- Manitoba Federation of Agriculture.
- United Farmers of Ontario.
- United Grain Growers Limited.
- The Manitoba Pool.
- The Saskatchewan Pool.
- The Alberta Pool, and the smaller co-operatives.

The Company's statement was adopted by the Canadian Federation and incorporated completely in the representations made by that body to the Government of Canada on February 2, 1942.

**Company's
Policy
Presented to
Government**

At that time the Wheat Board price for wheat was 80 cents a bushel, and the prices of coarse grains were fluctuating according to deliveries and demand. The Company's statement recommended \$1.00 a bushel for wheat and a guaranteed minimum price of 60 cents a bushel for barley. With respect to oats the statement recommended a guaranteed minimum price for livestock for a period of two years as a means of encouraging the production of livestock and creating a good market for oats. It also recommended a minimum price for flax of from \$2.25 to \$2.50 per bushel.

**Minimum
and
Maximum
Price for
Coarse Grains**

In response to these requests the Government raised the price of wheat to 90 cents; fixed a minimum price for barley of 60 cents a bushel, with a maximum price of 64¾ cents; fixed the minimum price for oats at 45 cents and the maximum at 51½ cents, and flax at \$2.25, raised a year later to \$2.50 per bushel.

In recording these results which were largely in accord with the Company's statement on agricultural policy, the Company has expressed its desire to give full credit to all other bodies that assisted in bringing about these higher prices for the farmer's grain.

Early in the year 1942 Mr. D. G. McKenzie retired from the Board of Directors of United Grain Growers Limited, having

D.G. McKenzie
Appointed
Chief
Grain Com-
missioner.
J. E. Brownlee
Appointed
Director and
Vice-President

Company
Purchases
More
Elevators

Open Market
Prices

been appointed Chief Commissioner of the Board of Grain Commissioners. The vacancy caused by Mr. McKenzie's retirement was filled by the appointment of Mr. J. E. Brownlee, K.C., of Edmonton as a Director and Vice-President of the Company. Mr. Brownlee for some years had been the Company's legal counsel.

During the winter of 1943 the Company purchased the Gillespie line of country elevators. These are all situated in Northern Alberta. A few months later they also purchased elevators from the Federal Grain Company. These were in Alberta and Saskatchewan. The total of these two purchases increased the number of country elevators owned by the Company by approximately twenty-five per cent.

At the beginning of the crop year 1943-44 wheat prices on the Winnipeg Grain Exchange ranged considerably higher than the Wheat Board price of 90 cents a bushel. Practically all new crop wheat was being sold on the open market. Prices continued to advance until September 27, 1943, when October wheat futures closed at \$1.20¾ plus a premium of 3 cents a bushel for No. 1 Northern in store at the lakehead.

When it became clear to the Dominion Government that the operations of the wheat futures market was interfering with Canada's arrangements with the rest of the United Nations under the Mutual Aid Pact, they stepped in and froze this market at the closing prices for September 27, at the same time announcing a new Wheat Board price of \$1.25 a bushel, basis No. 1 Northern, at the lakehead.

The Company has been criticized at times for branching out into services apart from grain, in which losses have occurred. Losses resulted from the Company's ventures into the lumber and the farm machinery business. All other branches of the Company's business, however, such as The Country Guide, The Public Press, United Livestock Growers, United Grain Growers Securities Company and the Farm Supplies branch have proven good investments for the Company from a financial standpoint.

The Board of Directors had taken on these side lines as a result of pressure exerted by the shareholders at the Company's annual meetings. The Directors have, however, turned down demands for entering into many other lines of business. The minutes of the annual shareholders' meetings of the Company, record resolutions asking the Company to establish retail stores, branch warehouses, factories for manufacturing farm machinery, tanneries, flour mills and abattoirs. It can be readily seen what might have happened to the Company had the Board of Directors acceded to all these demands made upon them to extend the Company's services.

Company's
Branch
Enterprises

CHAPTER VII

The Country Guide and The Public Press

THE rapid growth of the Grain Growers' Association in Manitoba and Saskatchewan resulted in an insistent demand for a farm journal that would deal with the problems and present the views of organized farmers. T. A. Crerar and John Kennedy were among the first to advocate the publishing of such a journal.

Farm Journal
Advocated

E. A. Partridge, a Director and former President of the Grain Growers' Grain Company, wanted the new publication to be the official organ of the Company. He advocated that it be linked up with the "Voice" which was then the organ of the Winnipeg labour unions. It was finally decided that the "Grain Growers' Guide" should be published and that it should be the official mouthpiece of the Grain Growers' Associations, financed by the Grain Growers' Grain Company until it became self-supporting.

Mr. Partridge was appointed editor of "The Guide" and got out the first issue in June, 1908. He soon decided, however, that he was becoming "too irritable to be tied down to office work" and asked John Kennedy to wire for Roderick McKenzie to come to Winnipeg and take over the job of editor.

First Issue of
The Guide

Mr. Partridge had been under a severe strain as President of the Company during the first year. In addition to this, he had met with a serious accident in October, 1907, when his foot was severely injured through being caught in the mechanism of his binder. Continual suffering and several amputations had left him in poor condition physically.

Mr. McKenzie, who was Provincial Secretary of the Manitoba Grain Growers' Association at that time, was one of the outstanding men in the farmers' movement. He was plowing on his farm at Brandon when he received the wire from John Kennedy asking him to come to Winnipeg at once. Mr. McKenzie caught the first train and on arrival, Mr. Kennedy met him at the station. When he was told that Mr. Partridge was resigning as editor of the Guide and wanted him to take his place, Mr. McKenzie protested that he had

Roderick
McKenzie
Becomes
Editor

THE "GRAIN GROWERS RECORD"

never edited a paper in his life, but John Kennedy replied: "Oh, you'll handle it all right. It ain't hard to do."

Mr. McKenzie continued as editor of The Guide for about three years. One has only to read the early issues of The Guide to know that he not only knew the farmers' problems and the value of organization as a means of meeting them, but that he could put his views in clear, concise and very readable language.

**G.F. Chipman
Comes to
The Guide**

The late George F. Chipman came to The Guide in 1909 as assistant editor. Two years later Mr. McKenzie retired and Mr. Chipman became editor and continued in that position until December 26, 1935, when he was the unfortunate victim of a shooting accident.

**Public Press
Started**

The circulation of The Guide increased very rapidly and in 1909 an up-to-date printing plant was installed to print the publication and the Company's general printing requirements and to carry on a general printing business. The printing plant was organized as a subsidiary company under the name of The Public Press Ltd.

**Guide Has
Largest
Circulation**

By 1913 The Guide had the largest circulation of any farm journal published in Canada. By 1917 the circulation had increased to over 50,000 copies and it had become financially self-supporting.

The Guide and The Public Press had been operating in a building on Sherbrook Street which is now known as the Norman Hall. In 1917 a modern, up-to-date building was erected on Vaughan Street for these two subsidiaries in which they now operate.

The Guide reported in 1920 that its circulation had increased to 80,000 subscribers. In that year the United Farmers' Guide was organized and started publication at Moncton, New Brunswick. The Grain Growers' Guide held the majority interest in this new venture. The other owners were the Nova Scotia Apple Growers' Association and the United Farmers' Co-operative Limited of New Brunswick.

**Grain
Growers'
Guide
Becomes
Country
Guide**

In the year 1926 The Guide was changed from a weekly to a semi-monthly magazine and in 1928 the name of the publication was changed to The Country Guide. The Grain Growers' Guide had been established some twenty years previous to serve the grain growers of the West, but in twenty years the character of farming had changed considerably and the name Grain Growers' Guide was no longer suitable for a magazine serving the farmers of Western Canada. Its circulation had reached 120,000.

**Death of
G.F. Chipman**

On December 26, 1935, Mr. George F. Chipman, editor of The Country Guide, met his death in a shooting accident. Mr. Chipman had been with The Guide since 1909 and had been largely instrumental in building up the publication. An enthusiastic plant

THE GRAIN GROWERS RECORD

breeder and horticulturist, Mr. Chipman had gained recognition as one of Canada's foremost experts in that special field. He had bred and developed on his experimental grounds near Winnipeg, many improved varieties of fruit suitable to the climate of Western Canada.

Mr. Chipman was succeeded by Mr. W. W. Emerson as Managing Director of The Guide, while R. D. Colquette and P. M. Abel became joint editors.

In the year 1936 The Guide bought out The Nor'-West Farmer and proceeded to turn out an enlarged and improved magazine.

The death of Mr. Emerson on March 24, 1939, was a distinct loss to the Company. He had been connected with The Guide as business manager for many years before being made Managing Director, and had a great deal to do with its progress and success.

The Board of Directors of the Company appointed Mr. D. G. McKenzie, Vice-President of United Grain Growers Limited, as Managing Director of The Country Guide Limited and The Public Press Limited:

The Directors' Report for 1938-39 was able to make this reference to these two subsidiaries: "It has been gratifying that The Guide was able to come through a long period of depression in the West not only without losses, but with reasonable net earnings . . . Your Company has had a very satisfactory return from its investment in the magazine and the printing plant."

With the outbreak of war in 1939, Mr. P. M. Abel of The Guide editorial staff joined the armed forces. His place as joint editor with Mr. R. D. Colquette was taken by Mr. H. S. Fry who had had extensive experience on farm publications in Western Canada.

The Guide now has a subscription list of nearly 200,000 copies monthly. It has the largest circulation of any rural magazine published in the British Commonwealth of Nations. It continues to serve a useful purpose in the farm homes of Western Canada.

**W. W.
Emerson**

**Guide Buys
Out
Nor'-West
Farmer**

**Mr. Emerson
Dies**

**D.G. McKenzie
Becomes
Managing
Director of
Guide and
Public Press**

**Satisfactory
Returns to
Company**

**P. M. Abel
Joins Armed
Forces**

**Guide
Circulation.
1943**

CHAPTER VIII

The Grain Growers' Export Company

Export Co.
Formed

GRAIN marketing conditions had improved so greatly in Western Canada as a result of the influence of the Grain Growers' Grain Company's service that the Company organized a subsidiary in 1911 known as the Grain Growers' Export Company. Through this subsidiary the Company established connections with importers in Great Britain and many European countries and for many years handled a large volume of grain satisfactorily. The first year the Export Company operated at a loss; but from that time on it was not only self-supporting, but paid profits to the parent Company in all but two years of its operations.

Marketing
Set-Up
Complete

In 1912 the Grain Growers' Grain Company acquired both country and terminal elevators and with its exporting subsidiary, had a complete set-up for handling and marketing grain.

Exporting of
Grain

The exporting of grain is conducted on narrow margins. It is a highly competitive business, with many hazards and complications. Access to large volumes of grain, rates and fluctuations in foreign exchanges, availability of ocean shipping space and prospects of speedy delivery are some of the factors in the exporting business.

New York
Office
Opened

In January, 1915, the Grain Growers' Export Company opened an office in New York to take advantage of export activity in American grain under conditions of European war demand.

New York
Export
Subsidiary
Set Up

In June, 1916, Mr. Stemper, who had managed the Export Company successfully since the end of its first year, met his death in a motor accident. Mr. O'Donahue, who had been his assistant, became Managing Director of the New York office. In 1917 the New York branch of the Export Company was incorporated as a separate subsidiary under the name of the Grain Growers' Export Company Inc. (New York). During the same year, the Allied Purchasing Board chose this subsidiary to handle all of its oat purchases on the North American continent, taking over the New York office and its entire staff. During that year they purchased and exported

Taken Over
by Allied
Purchasing
Board (1)

(1) Annual Report, 1918.



J. STEVENS



C. JACKSON



E. J. OLIVER



J. MORRISON



M. T. ALLAN



F. S. LAW



E. E. BAYNE



N. J. KELLETT



R. SHANNON



J. BROWNIE



R. C. BROWN



S. SEARS



C. E. HOPE

BOARD of DIRECTORS

1943

UNITED GRAIN GROWERS



120,000,000 bushels of oats on account of the British and Allied Governments. This was done as a patriotic action, the Company getting only its actual expenses as compensation. This was a great responsibility for a farmers' company which a few years before had fought for trading privileges in the Winnipeg Grain Exchange.

The two Export subsidiaries carried on successfully until the Pools were established and had set up their Central Selling Agency. The Directors of United Grain Growers Limited thought that there should not be two farmer-owned companies competing for this business, so they did not push the export branch of their activities. In fact, Mr. D. L. Smith, Manager of the Company's Canadian Export subsidiary was released to the Pools to manage their Central Selling Agency.

D. L. Smith
Released to
Pools

After the year 1928, the export of Canadian wheat to European countries received a serious set-back, and since that time the export of Canadian wheat has been a real problem.

Wheat
Exports
Fall Off

The New York office was closed temporarily in 1928. It was opened again in 1930, but the rapidly fluctuating variations in the rates of exchange between exporting and importing countries made any large investment in export wheat very risky. There was also the fact that new trade channels for wheat had been opened up. British buyers were taking less and less Canadian wheat and increasing their purchases from the Argentine, Australia and the Danubian countries. As there seemed to be no immediate prospect of improved export conditions, the Company closed out the New York subsidiary in 1932. While the charter of the Canadian Export Company is still being carried by United Grain Growers Limited, its export business has been inactive for the past few years.

Export
Offices
Closed

CHAPTER IX

Farm Supplies Department

Farm
Supplies
Department
Set Up

ON May 1st, 1913, the Company set up their Farm Supplies Department. This branch of the Company started in a modest way but was soon doing an enormous business. It began with flour and feed, then added apples from Ontario, coal, binder twine and many other commodities that farmers buy in quite large quantities. This Department has had a regulating influence on the retail price of these commodities for over thirty years and is the largest distributor of coal and one of the two largest distributors of binder twine in Western Canada.

Farm
Machinery
Branch

During the business year of 1913-14 the Company made provision for handling farm machinery. Contracts were closed with several manufacturing firms for certain lines of farm implements. The Company realized the difficulties that would have to be contended with in this line of business. There could be no local agents to service the new machinery and to keep a stock of repairs on hand. The Grain Growers' implements would have to be sold for cash in competition with firms that were selling on long credit terms. However, the shareholders felt that their Company would have a regulating effect on implement prices and they hoped that this branch would bring some relief from the ever-increasing prices of farm machinery.

Farmers'
Savings On
Binder
Twine (1)

At the end of their first year in handling binder twine, the Farm Supplies Branch sent out a questionnaire to every farmer who had bought binder twine from them, asking what saving the farmer had made through buying his twine from the Grain Growers. From the many replies received it was figured conservatively that the average saving amounted to $2\frac{1}{2}$ cents a pound, or \$50,000.00 on the total handling of twine.

The volume of business done by the Farm Supplies Branch continued to increase every year and by 1917, when amalgamation with the Alberta Farmers' Co-operative Elevator Company took

(1) Annual Report, 1914.

place, it was recognized as a permanent part of the Company's services.

While the Farm Machinery branch showed a small profit for one or two years, its operation over the period of eight years showed a financial loss for the Company. During the business year 1921-22 it was decided to sell the machinery on hand at reduced prices and close out this branch of the service. The Directors had come to the conclusion that it was not practicable to carry on an implement business on a mail order cash basis. The only compensation for the loss incurred was that for a period of eight years implement prices had been kept from going sky-high and the farmers had benefitted accordingly.

**Farm
Machinery
Branch
Closed Out**

The continued growth of the business done by the Farm Supplies Department was shown in their report for the year 1927-28 where they recorded sales of over 100,000 tons of coal and more than 10,000,000 lbs. of binder twine.

This Department handled large quantities of coal, flour and feed during the years of extended drought, for the Government authorities, at less than their commercial margin of profit. The Company was glad to be able to assist in this way in the handling of the serious relief problem.

In the year 1936 the Farm Supplies Department was appointed sole agent in Western Canada for the famous Bridge Brand Minerals for livestock feeding. The sale of these supplementary minerals has increased every year, and a natural outgrowth from this business was for the Company to manufacture commercial feeds. Consequently a large, modern feed mill was constructed at South Edmonton and began operations in the spring of 1943. This feed mill is turning out eighteen varieties of feeds and concentrates under the brand name Money-Maker Feeds and Concentrates, and is working at full capacity in order to supply the demand for its products.

**Feed Mill
Built at South
Edmonton**

When the fuel situation became acute during the present World War, the Company loaned Mr. J. S. Whalley, who has managed the Farm Supplies Department since 1920, to the Dominion Government Fuel Control Board. Because of his long experience in distributing fuel, Mr. Whalley was able to render valuable assistance to the Fuel Controller.

**J. S. Whalley
Loaned to
Fuel
Controller**

Credit belongs to this branch of the Company for establishing the principle of co-operative buying of supplies among Western farmers.

CHAPTER X

United Livestock Growers

Shareholders
Request
Livestock
Branch

THE Board of Directors of the Grain Growers' Grain Company had been getting requests to handle livestock on a commission basis. These requests came from individual farmers, from the Livestock Breeders' Association and from the Grain Growers' Associations. The Board of Directors had been considering these requests and finally presented them to the shareholders of the Company at their annual meeting on November 11, 1915. The meeting instructed their Board of Directors to set up a livestock marketing branch as soon as the necessary organization could be completed.

Livestock
Commission
Branch
Set Up

On March 1, 1916, the Livestock Commission Branch of the Company was opened for business at St. Boniface Union Stockyards. In the first six months it handled 196 cars of livestock and showed a loss of \$4,317.00. Under this branch of the Company, co-operative shipping was introduced for the first time in Western Canada. Before that, if a farmer had less than a carlot he had to sell to the drovers; there was no trucking of small lots to market. Under the Grain Growers' plan several farmers, with small lots of livestock, could group together and load a car, each farmer putting an identifying mark on his stock so that individual settlements could be made.

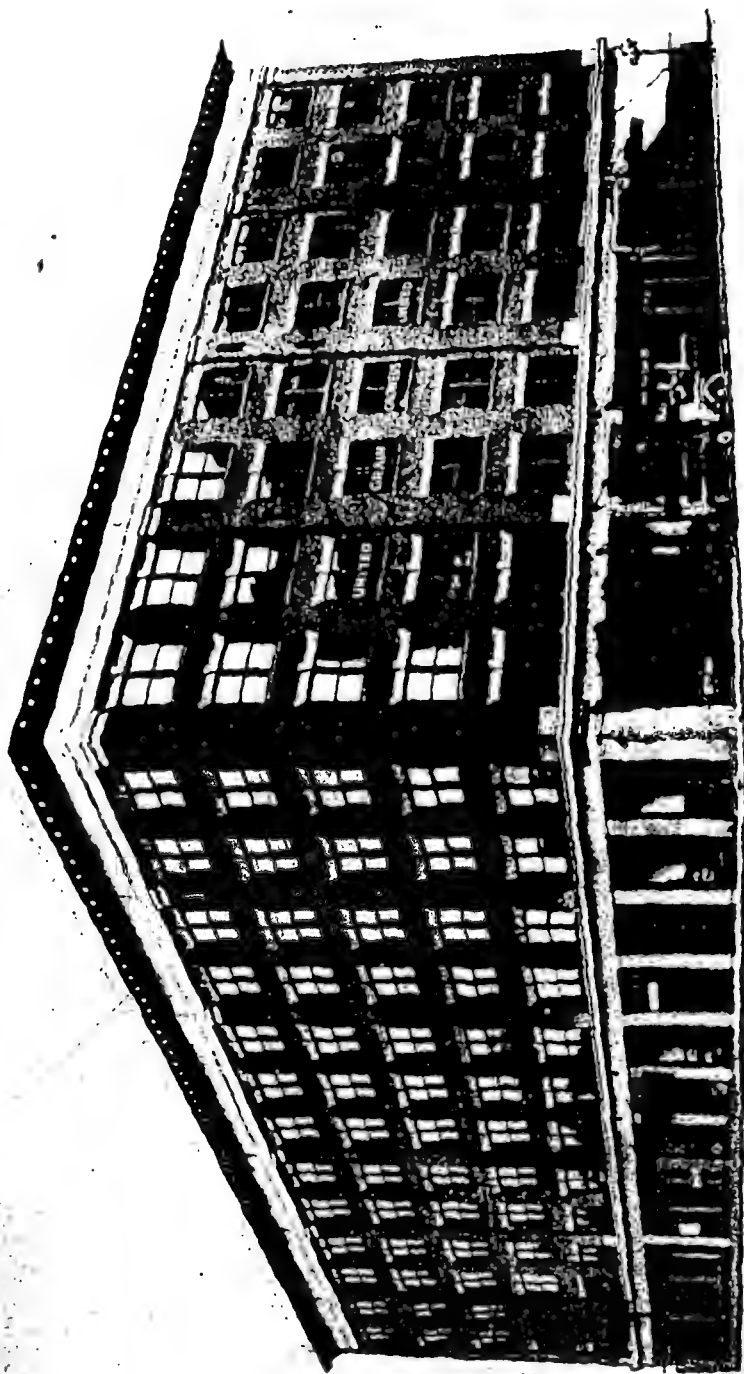
Livestock
Branch
Begins Paying
Its Way

During the year 1917-18 the Livestock Branch opened branches at Calgary and Edmonton, handling in that year 4,402 carloads of livestock and by that time was operating on a paying basis. In the year 1920-21 over 6,000 carloads of stock were handled, and showed a profit of \$5,368.75. Branches were being operated at Moose Jaw and Prince Albert in addition to the points already mentioned.

British
Embargo
Against
Canadian
Cattle

In 1892 the British Parliament had placed an embargo against "feeder" cattle being imported from any country except Ireland. This action was taken because of outbreaks of foot-and-mouth disease in the United States and the Argentine Republic. The Canadian Parliament had tried for nearly thirty years to get this embargo removed from the importation of Canadian cattle, as there never had been any foot-and-mouth disease in the Canadian herds.

In 1921 there seemed to be some prospect of this embargo against Canadian cattle being removed. With this in view, United



Offices of the Western Division of United Grain Growers Limited at Calgary, Alta.

THE GRAIN GROWERS RECORD

Grain Growers Limited sent Mr. F. J. Collyer, a Director, and Mr. F. M. Black, Treasurer of the Company, to Great Britain to investigate the prospect of selling Canadian cattle on the British market. Mr. Collyer of Welwyn, Sask., was a prominent farmer and a producer of high-class livestock, while Mr. Black before coming into the employ of the Company had been an official of P. Burns and Company, meat packers, of Calgary.

Messrs.
Collyer and
Black
Report (1)

These two gentlemen made an exhaustive inquiry into livestock marketing in the British markets and on their return presented a very valuable report to the Company. This report dealt with the marketing possibilities for Canadian cattle in Great Britain under three heads: "Frozen beef," "chilled beef" and "feeders", on the hoof, and stated that the latter offered the best means of selling our cattle on the British market.

In the year 1922-23 the Company's Livestock Branch began operating a livestock pool. This was an innovation in livestock marketing and it operated with marked success. Under this plan the Livestock Branch would sort out "individuals" from carlots received and make them up into carlots of uniform size and type. These carlots were shipped to Eastern markets and the profits made on them were paid back to the farmers whose stock had been used to make up the carlot. This system not only relieved congestion and consequent lower prices on the local markets, but in most cases got the farmer a better price for the "individuals" used in making up these pool carlots. The following resolution was carried unanimously at the annual meeting of the Company's shareholders.

Livestock
Pool

Moved by Thomas Teare of Moose Jaw and seconded by D. Lawson of Rosebank:

Livestock
Pool
Approved by
Shareholders

"That this meeting of delegates of United Grain Growers Limited desires to place on record its warm approval and appreciation of the action of the Company taken with regard to its co-operative system in the marketing of livestock."

At the beginning of the year 1923-24 the Livestock Branch had been converted into a non-profit department as far as the United Grain Growers Limited was concerned. The operation of the cattle pool had demonstrated that it was the only way by which the cattle raisers could be sure of getting maximum value out of the livestock they sent to market. Patronage dividends amounting to \$28,882.46 were paid to farmers on the livestock shipped during the year.

Patronage
Dividends on
Livestock (2)

In 1924 the Livestock Branch was converted into a subsidiary company and was called the United Livestock Growers.

United
Livestock
Growers

In January, 1924, a movement was started in Alberta to organize the marketing of livestock in that province on a contract basis along

(1) Annual Report, 1921.
(2) Annual Report, 1924.

Provincial
Livestock
Organizations
Set Up

the lines of the Wheat Pool, which had started the year before. The new organization was called the Alberta Co-operative Livestock Producers Limited. United Grain Growers Limited were of the opinion that the organization of livestock marketing on a provincial basis would prove too costly, particularly in overhead expenses, so they arranged a conference with officials of the Alberta Livestock Producers in 1925. At this conference United Livestock Growers was reorganized and one-third of its capital, namely, \$5,000.00 was sold to the new concern. The Company took a note from the Alberta company for this amount. This arrangement continued until March, 1927, when the Alberta company decided to set up their own selling agency and suggested that they take over United Livestock Growers' business in Alberta.

In May, 1926, a similar provincial livestock co-operative was started in Saskatchewan, and a little later on an organization along the same lines began organizing in Manitoba.

Representa-
tives from
Livestock Co-
operatives
Address
Company's
Annual
Meeting

At United Grain Growers Limited annual meeting in 1927, its Board of Directors recommended that United Livestock Growers discontinue their operations in Alberta and Saskatchewan but continue, for the present at least, their business in Manitoba where the new co-operative had not yet begun operating. After discussion by the delegates, Messrs. A. B. Claypool, of the Alberta Co-operative, W. D. McKay, of the Saskatchewan Co-operative and I. Ingaldson, of the Manitoba Co-operative, were invited to attend, and addressed the meeting in the order named. Considerable discussion followed these addresses and, finally, it was moved by H. McKenzie of Sedgwick, Alberta, and seconded by H. V. Clendenning of Kenton, Man.:

"That having received the report of the Board of Directors of the Company on United Livestock Growers, we instruct the Directors of the Company to continue the operation of United Livestock Growers on the markets of St. Boniface, Calgary and Edmonton, and also at Moose Jaw if they consider it advisable to do so at that point."

United
Livestock
Growers
Withdrawn
from Market

This motion was carried by a large majority.

At the annual meeting of the Company's shareholders in 1928, a report from the United Livestock Growers was presented to the delegates. In this report the Board of Directors reminded the shareholders of their report given a year before in which they stated that three separate provincial livestock marketing organizations had been set up. The Directors had stated then that three sets of directors and three head offices would have to be financed out of the proceeds of the livestock business, where one set of each should be sufficient to handle the livestock of the three provinces. The Directors went on to say that if there was not room for three livestock marketing organizations, there certainly was not room for four of them. There-

THE GRAIN GROWERS RECORD

fore, in order to assist in trying to straighten out an impossible situation, they recommended that United Livestock Growers should retire from the field. This recommendation was passed by the meeting after some discussion.

The Company's venture into the livestock marketing business was successful financially, and for twelve years it gave valuable service to the farmers in marketing their livestock.

United
Livestock
Growers' Good
Record

At almost every annual meeting of the Company since United Livestock Growers was closed up, there have been resolutions from shareholders' locals asking the Directors to reopen the livestock subsidiary. However, for reasons given at the time of closing, the Directors have always declined to re-enter this field of service.

CHAPTER XI

*The United Grain Growers Sawmills
Company Limited*

Shareholders
Request
Lumber
Branch

AS soon as the Grain Growers' Grain Company had demonstrated that grain could be handled economically and efficiently by a farmers' company, insistent demands began to come from the shareholders for the Company to branch out into other lines of service. Among the first of these demands was one for the Company to supply lumber to the farmers on the prairies. The farmers were of the opinion that there was too much spread between the cost of turning out lumber at the mills and the price charged at the retail lumber yards. After full discussions at the shareholders' meetings, the Board of Directors were instructed to acquire timber limits in British Columbia and to supply lumber to the farmers.

Timber
Limits
Acquired in
B.C.

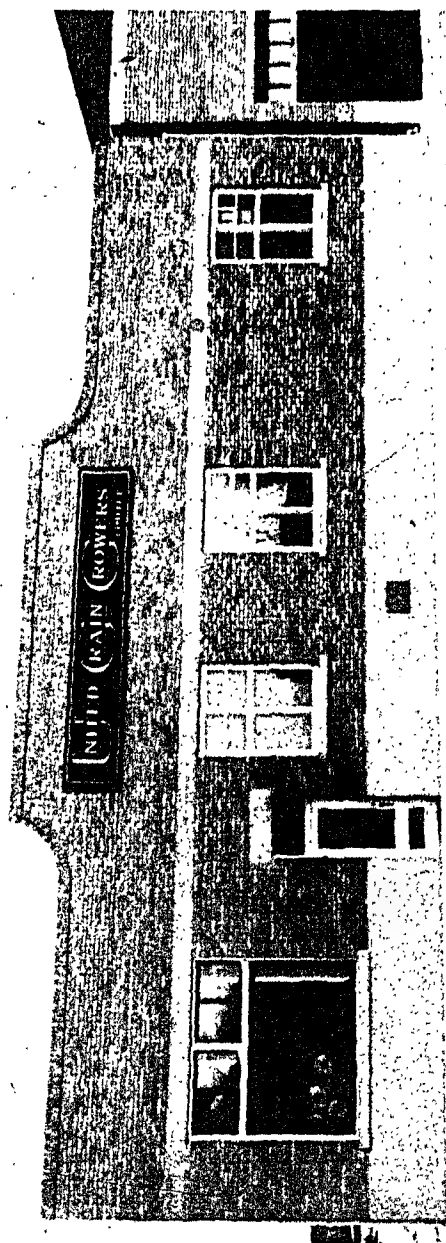
In 1911 the Directors engaged a competent man to cruise timber limits in British Columbia with a view to procuring suitable stocks of standing timber. In the fall of that year the Company secured control of timber limits estimated to contain over 300,000,000 feet of lumber.

Town Built
for Sawmill
Employees

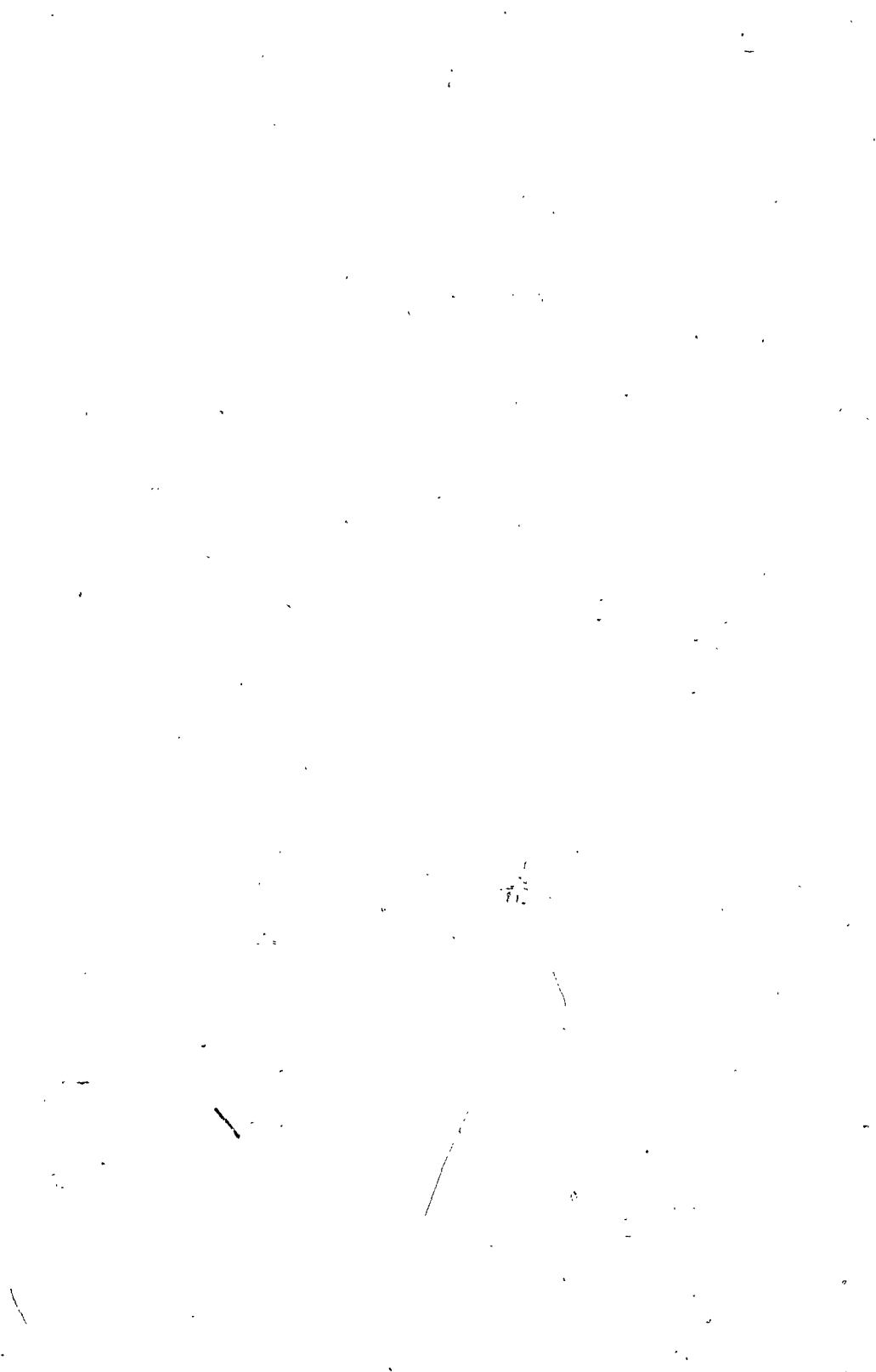
The building of a sawmill on the Company's timber limits entailed a great deal of work and expense. Roads had to be built, houses constructed for employees and their families, a school, a twenty-bed hospital, a general store and all of the necessities for a small town.

Selling
Lumber on
Commission
Basis

During the years between the purchase of the timber limits and the completion of the mill the Company was handling lumber in carlots on a commission basis, buying from British Columbia mills and filling farmers' orders. The Company was already experiencing difficulties with this line of business. The lumber department was set up to give service and when a farmer intended building he could send to the Company a description of the building he had in mind, and the Company would prepare plans, specifications and a list of the lumber required. In many cases the farmers would take this information to the local lumber yard and get a better deal there than would have been possible otherwise. The Company had the expense



United Grain Growers Limited Office and Warehouse at Saskatoon, Sask.



of preparing the estimate but got no revenue out of the transaction. This practice continued during all the years the Company was in the lumber business and was one of the factors contributing to its failure.

In 1917 the large modern sawmill was completed and began turning out lumber.

During the following year the sawmill encountered labour troubles which seriously hampered its output of lumber. A loss of over \$12,000.00 was incurred on its operations for that year, 1917-18.

For the year 1919-20 United Grain Growers Sawmills Limited, as this subsidiary was called, showed a profit of \$11,700.00, but depressed business conditions on the prairies in 1920 caused the Directors to close down the mill until general conditions improved. Cutting and milling costs remained high, while the market was seriously limited owing to the drop in prices of farm products.

The mill was operated continuously again during the year 1922-23 and cut between nine and ten million feet of lumber and showed a profit on the year's operations.

The sawmill continued in full operation until May 1, 1925, when the mill was destroyed by fire. Some 12,000,000 feet of logs had been taken out during the winter and remained to be sawn when the mill was burned. The mill also had about 14,000,000 feet of sawn lumber on hand.

Following the destruction of the mill, the Directors decided to close out this subsidiary and accept the loss entailed in the sawmills' venture. The lumber and the unsawn logs on hand were disposed of, while the standing timber, which could be carried at a very low cost, was held by the Company pending a better demand and a higher price than could have been realized at that time. These timber limits were disposed of satisfactorily in 1940.

There are many houses and barns on prairie farms that were built with United Grain Growers Limited lumber at a much lower cost than would have been possible had the Company not entered the lumber business. Many of the shareholders still think that the mill should have been rebuilt and that the Company should operate lumber yards along with their elevators. They are of the opinion that had the business been continued the losses would have been overcome and that it would have become a good investment for the Company as well as a great benefit to its patrons.

It has been claimed by some that the location of the mill was not well chosen, and this increased the cost of getting the logs to the mill. No doubt, the fact that this large branch of the Company's business, employing hundreds of men, was located more than 1,200 miles away from the head office, made proper supervision almost

**Sawmill
Completed**

**Labour
Troubles**

**Deflation
Years Cut
Off Demand
for Lumber**

**Sawmill
Again
Operating**

**Sawmill
Destroyed
by Fire**

**Sawmill
Enterprise
Closed Out**

**Post
Mortems**

**Contributing
Factors**

impossible. Then, too, the Company's Directors were chosen because of business ability they had shown in the production and marketing of grain, while in a large lumber concern the Directors are chosen mostly because of their knowledge of the lumber business. So, while the sawmill company had provided a beneficial service, there were a number of factors that had contributed to its failure.

CHAPTER XII

United Grain Growers Securities Company Ltd.

THIS subsidiary was set up by the Company in the summer of 1918, and was divided into two main departments, the Insurance Department and the Land Commission Agency.

The Insurance Department was created in response to requests from the farmers' organizations for the Company to handle hail insurance. A general agency was secured for hail insurance for the three prairie provinces. This service was gradually extended until it carried fire, hail, automobile and accident insurance. In these lines it has agencies for some of the world's largest insurance companies.

Insurance
Department
Created

This Department has now more than 500 local agencies in the three prairie provinces at both elevator and non-elevator points. Through the years it has built up an enviable reputation for the prompt and equitable adjustment of claims.

More than
500 Local
Agencies
Operating

The Land Commission Agency was set up in 1918 when settlers were coming into Western Canada from the East and from the United States. The idea was that this branch could assist farmers in disposing of their farm lands without paying the exorbitant commissions that were being charged by the real estate companies, and also to assist incoming settlers to get located without too much expense.

This branch of the Securities Company did a good business for about two years and then deflation set in and the demand for farm lands practically disappeared. Soon after that the Land Commission Agency was closed out.

United Grain Growers Securities Company Limited has for years been a permanent part of the Company's service and has been a good investment from a financial standpoint.

CHAPTER XIII

The Company and The Home Bank

Company
Has Trouble
with the
Bank

WHEN the Company closed its books for its first year, 1906-07, it had been operating for ten months. The volume of business transacted had exceeded \$1,700,000.00. Their paid-up capital was approximately \$11,000.00. A dividend of 7 per cent had been paid to the shareholders. The number of shareholders had nearly doubled in the ten months and everything pointed to a rapid advancement. The Company had been a good customer of the bank, having paid them about \$10,000.00 in interest. The security offered for their line of credit was unquestioned. Yet, just as the busy season was coming on in the fall of 1907, without warning, the bank notified the Company that they wished to close out the account.

Home Bank
Opens

The manager of the bank in question immediately resigned and assumed the management of the Home Bank. Almost the first account he sought for the new bank was that of the Grain Growers' Grain Company.

The Home Bank was a new one at that time. It had been an old loan company without big capitalistic interests, its funds being derived mostly from small depositors. While it was not among the wealthiest financial institutions, it was quite able to supply full credit facilities.

Company
Acts as
Broker for
Home Bank
Shares in
West

It was decided that the new bank and the new farmers' company could get together to the mutual benefit of both. So the Company made a heavy investment in Home Bank stock and was appointed sole broker to sell the bank's stock in Western Canada. The Company dealt through the Home Bank from that time until the bank collapsed in 1923.

T. A. Crerar
and John
Kennedy
Appointed

Two members of the Company's Board of Directors, T. A. Crerar and John Kennedy, were made Western Directors of the Home Bank, but the management of the bank was carried on in Toronto. In 1917 these two Western Directors resigned from the Board of Directors of the bank. Certain practices had grown up among the Eastern Directors of the bank which these two men thought were not based on sound business principles.

THE GRAIN GROWERS RECORD

Mr. Crerar was called to Ottawa at that time to take the portfolio of Minister of Agriculture, but Mr. Kennedy wrote an open letter to the directors of the Home Bank, pointing out the dangers in the policy they were following, and suggesting remedies that would keep the bank on a sound basis. This letter was published in practically all Western newspapers at the time. The bank directors did not accept the proposals outlined in Mr. Kennedy's letter, so United Grain Growers Limited disposed of their block of Home Bank stock.

**Western
Directors
Resign**

**Company
Disposes of its
Home Bank
Shares**

Some of the bank's shareholders, who had purchased their stock through the Company, followed the Company's lead and sold their Home Bank shares. Others held on to their shares, thinking that the bank would overcome any difficulties it might be having at the time.

In 1923, six years after the resignations of Mr. Crerar and Mr. Kennedy, the Home Bank collapsed. The losses were heavy and the shareholders, under the double liability laws governing bank shareholders, were called upon to put up more money to apply on the bank's liabilities. Some of these bank shareholders have blamed the Company for not advising them to sell their shares in the bank.

**Home Bank
Collapses**

As a matter of fact, the Company had gone as far as it could go legally in intimating that the Home Bank was getting away from the sound policies on which its business had been built up. The bank was solvent at the time the United Grain Growers Limited directors had resigned from the bank's directorate, and if they had issued any statement suggesting that the shareholders should sell their shares, they would have had a libel suit on their hands. The fact that the Company's Directors resigned from the directorate of the bank and published their reasons for so doing, and, following this, the Company had disposed of its bank stock, should have been sufficient notice to the shareholders that the Company had lost confidence in the management of the Home Bank.

**Company's
Responsibility
to Western
Shareholders**

CHAPTER XIV

The Company and the Farmers' Associations

Company
Makes Grants
to M.G.G.A.

THE Grain Growers' Grain Company was brought into being by the grain growers' associations of Manitoba and Saskatchewan in 1906. As soon as the new Company got on its feet financially, it began making annual grants out of its earnings to those associations to assist them in carrying on their educational work. These grants were first paid in 1908 and have been continued every year since that time.

Grants to
S.G.G.A.

The Saskatchewan Co-operative Elevator Company was started in 1911 and from then until that company was absorbed by the Saskatchewan Pool in 1926 it made annual grants to the Saskatchewan association, while the Grain Growers' Grain Company assisted the associations in Manitoba and Alberta.

No Strings
Attached to
Grants

These grants were made without any strings attached to them. The Company had no representation on the boards of the associations and their members were free to formulate their own policies. In fact, the associations have at times promoted policies that were detrimental to the business of the Company. Because of these actions, resolutions have occasionally been presented at the Company's annual meetings/ demanding that grants to the associations be discontinued. These resolutions have always been defeated by large majorities. The shareholders of the Company have consistently maintained that the farmers need their educational organizations, and that it must be thoroughly democratic in order to be effective. The relationship between the associations and the Company has often been compared to that of a parent and a grown-up son.

Canadian
Council of
Agriculture
Formed

At the annual convention of the Saskatchewan Grain Growers' Association, held at Prince Albert, February 9, 10 and 11, 1910, the Canadian Council of Agriculture was formed. Its membership was made up of representatives from the farm organizations of Ontario, Manitoba, Saskatchewan and Alberta. Later the Grain Growers' Grain Company, the Saskatchewan Co-operative Elevator Company, The Alberta Farmers' Co-operative Elevator Company, The Grain Growers' Guide and the Ontario Farmers Co-operative Company were allowed representation on the Council. The Council

was the co-ordinating body of the provincial farm organizations. It was financed by the farmers' companies that were members of it. The Canadian Council of Agriculture became a very influential body and did wonderful work in presenting the farmers' viewpoint to governments, tariff boards and investigating commissions. To safeguard the Council against narrow provincialism its constitution provided that the only resolutions to come out from the Council were those that had been carried unanimously at its meetings.

In 1929 the organized farmers had split into different factions with different viewpoints and ideals, and the harmony and unity of purpose necessary to make a co-ordinating body effective, no longer existed. The Canadian Council of Agriculture was, therefore, disbanded in 1930. Then for several years different organizations, often with conflicting views, attempted to represent the farmers, but the results were often disappointing.

In 1940 a new farmers' co-ordinating body was set up which is known as the Canadian Federation of Agriculture. Its membership is made up of representatives from the farmers' provincial organizations of Ontario, Manitoba, Saskatchewan and Alberta, together with United Grain Growers Limited, the three provincial Pools and the smaller co-operatives. At the time of writing, this co-ordinating body seems to be functioning very well, but it does not have the active farmers' locals behind it that were a strong feature of the Canadian Council of Agriculture.

Up to July 31, 1943, the Company has given financial assistance to the various farm organizations as follows:

Manitoba Grain Growers' Association and	
United Farmers of Manitoba	\$ 90,064.15
Manitoba Federation of Agriculture	16,000.00
Saskatchewan Grain Growers' Association ...	9,700.00
United Farmers of Alberta	101,233.10
Alberta Federation of Agriculture	2,505.00
Canadian Council of Agriculture	122,241.75
Canadian Federation of Agriculture	5,600.00
Other Associations	3,800.00

\$351,144.00

**Canadian
Council of
Agriculture
Disbanded**

**Canadian
Federation of
Agriculture**

**Grants to
Farmers'
Organizations**

CHAPTER XV

*United Grain Growers and the Wheat Pools*Marketing
Problems

AFTER a very successful year in marketing the 1919 crop, the Wheat Board was disbanded by the Dominion Government and trading on the Winnipeg Grain Exchange was resumed. There was a strong feeling among many of the farmers that the Canadian Wheat Board should continue as the marketing agency for Canadian wheat in spite of the fact that Government controlled buying had been discontinued in Great Britain and European countries, and controlled marketing had been discontinued in the United States.

Government
Marketing
Versus
Co-operative
Marketing

There was also quite a large body of opinion among the farmers who did not favour Government control of wheat marketing. They sensed the danger of getting wheat marketing mixed up with party politics. They thought that a better plan would be to work out a system of co-operative marketing owned and controlled by the farmers, under which the grower would get the average price for the year.

J. R. Murray
Originates
Plan for
Wheat Pool

James R. Murray, who was assistant general manager of United Grain Growers Limited, worked out a plan for an interprovincial wheat pool which could be operated by United Grain Growers Limited and the Saskatchewan Co-operative Elevator Company. This plan provided for the pooling of all wheat delivered by pool members and the pooled receipts from the sale of this wheat was to be paid back to the growers, less the operating costs of the pool. Mr. Murray insisted on a five-year contract binding the farmer to deliver all of his wheat to the pool. He claimed that this was absolutely necessary because the pool would have to know in advance just about what volume of wheat they were going to receive during a crop year so that they could arrange to sell one-twelfth of it every month and thus get the grower the average price for the year. He provided, however, that a farmer could have the right to withdraw from his contract with the Pool by giving notice at least six months before the beginning of the crop year.

Canadian
Council of
Agriculture
Endorses
Wheat Pool
Proposal

The Canadian Council of Agriculture had consistently opposed the re-establishment of the Canadian Wheat Board when importing countries were operating under an open marketing system. The



The Country Guide and Public Press Building, Winnipeg.



THE GRAIN GROWERS RECORD

Council had recommended a voluntary co-operative marketing system instead. At a meeting of the Council on October 21, 1920, Mr. Murray, on behalf of United Grain Growers Limited, laid before them a plan for the establishment of a Wheat Pool. The Council appointed a committee composed of H. W. Wood, President of the United Farmers of Alberta, F. W. Riddell, Manager of the Saskatchewan Co-operative Elevator Company, and J. R. Murray to study the plan and report. At a later meeting this committee reported favourably to the Council and the plan was formally adopted. The Council then sent the plan out to the provincial farm organizations for study in their locals.

At the annual meeting of the Company's shareholders held at Calgary, November 26 and 27, 1920, Mr. Murray explained the Wheat Pool plan to the meeting. The delegates voted unanimously for a resolution endorsing the proposal of the Canadian Council of Agriculture to undertake a plan of co-operative marketing.

The original plan of the Canadian Council of Agriculture for an inter-provincial wheat pool was abandoned because the Saskatchewan farmers were still insisting on the re-establishment of a Government wheat board. After Saskatchewan had made unsuccessful attempts to induce the Dominion Government to re-establish the wheat board, an attempt was made to have a wheat board set up and controlled jointly by the Governments of the three prairie provinces. This plan failed because Manitoba was lukewarm to the proposal and Alberta favoured the pool idea.

On July 3, 1923, the Directors of the United Farmers of Alberta decided to launch a campaign for organizing a wheat pool in Alberta. Mr. Aaron Sapiro was brought in from California, and large and enthusiastic meetings were held in Alberta and Saskatchewan, and a canvass for wheat pool contracts was undertaken.

In Saskatchewan the farmers did not sign up as readily as did the farmers of Alberta. In Alberta the campaign for contract signers was successful. Mr. E. S. McRorie, Manager of the Western Division of United Grain Growers Limited, was a member of the Alberta Wheat Pool Committee which inaugurated the Alberta Wheat Pool. The United Grain Growers Limited made a grant of \$10,000.00 to the committee for organization expenses.

The Alberta Wheat Pool was able to begin wheat-pooling operations in the fall of 1923. The Company assisted the Pool in every possible way to overcome the difficulties it encountered in getting started. One of the Pool's first problems was to arrange to have Pool wheat handled through the existing elevators. On May 11,

**Company's
Shareholders
Endorse
Plan**

**Plan for
Western
Wheat Board**

Aaron Sapiro

**E. S. McRorie
Member of
Alberta
Wheat Pool
Committee
(1)**

**Alberta Pool
Begins
Operations**

(1) Record of United Grain Growers on Pool Marketing, p. 7.

**Company
Assists
Alberta Pool
In Financing
(1)**

1923, the Executive of United Grain Growers Limited met the Alberta Pool Committee and assured that committee that the United Grain Growers Limited elevators would be available for the handling of Pool wheat. Then the Alberta Pool was having difficulty in making arrangements with the banks for financing its payments on Pool wheat. The Company immediately offered to guarantee their bank account to the extent of \$250,000.00. The Company also offered to guarantee their bonds for the purchase of a seat on the Winnipeg Grain Exchange. While these arrangements were being worked out, the Alberta Government came forward and made the necessary guarantees.

**Company
Finances
Future Sales
for Pool**

At the commencement of its operations the Pool desired to make some futures sales of wheat. This required cash margins and the Company handled these sales and put up the cash margins until the Pool was able to finance its own futures sales.

**D. L. Smith
and
C. N. Elliott
Released to
Pool**

Right in the middle of the busy season in the fall of 1923 and, at much inconvenience, the Company released two important employees, Mr. D. L. Smith and Mr. Chester N. Elliott, to the Alberta Pool. The former for sales manager for the Pool at Winnipeg, and the latter for Pool manager in Alberta.

**Pools
Organized In
Saskatchewan
and Manitoba**

During the following year, 1924, pools were organized in Saskatchewan and in Manitoba. The Company made a grant of \$5,000.00 to the Saskatchewan Pool and \$10,000.00 to the Manitoba Pool to enable them to carry on their respective campaign for Pool contracts. The Company's elevators were also placed at the disposal of these two new pools for the handling of their wheat.

**U.G.G.
Elevators**

At the Company's annual meeting at Calgary on November 20 and 21, 1924, there was some discussion on the advisability of turning the Company's elevators over to the Pools and the following resolution was passed:

"Whereas elevator facilities are a necessity to the successful operation of the Pool, resolved that we, the shareholders of United Grain Growers Limited wish to record our desire to have the whole question looked into, and in the meantime left in the hands of the Directors, and that before final action is taken the question be referred to the shareholders for final decision."

**Pools Begin
Acquiring
Elevators**

During the crop year 1924-25 the three Pools embarked on a policy of acquiring elevators either by lease, purchase or construction. To finance the Pool's elevator policy deductions were made from the settlements for all pool grain delivered. These deductions amounted in seven years to over \$27,000,000.00, which amount was ample to pay for all elevators constructed or purchased by the Pools.

(1) Record of United Grain Growers on Pool Marketing, p. 8.

THE GRAIN GROWERS RECORD

Up to this time the relations between the Company and the Pool had been for the most part harmonious, but the drive for acquiring pool elevators at every shipping point created friction between pool and non-pool farmers and some of the bitterness thus created was reflected in the meetings of the Company's shareholders.

**Duplication
of Farmer-
owned
Elevators**

United Grain Growers Limited made repeated efforts to prevent the indiscriminate duplication of farmer-owned elevators. They organized joint meetings with the three pools and the Saskatchewan Co-operative Elevator Company. They submitted a proposal whereby the two farmers' companies would handle Pool grain at cost in country and terminal elevators at all of their elevator points, the Pools to handle the non-pool grain at cost for the companies at Pool elevator points.

**Company
Endeavours
to Prevent
Duplication
(1)**

The Manitoba Pool raised the point that the two systems of marketing were fundamentally opposed and that it was "incompatible" to handle Pool and non-pool grain through the same elevator system. The Manitoba Pool's representatives refused to attend further joint meetings but the meetings were continued between the Company and the Pools of Saskatchewan and Alberta. The Company put its offer into effect and handled Alberta and Saskatchewan Pool grain at cost through its country and terminal elevators.

**Company
Handles Pool
Grain at Cost**

At the Company's annual meeting in Winnipeg, November 19, 20 and 21, 1925, a resolution was passed endorsing the action of the Board of Directors in their negotiations with the Pools during the year. Then a resolution was introduced instructing the Board of Directors to sell the Company's country and terminal elevators to the Pools at a fair valuation.

**Company's
Annual
Meeting,
1925**

The delegates attending the meeting were about equally divided as pool and non-pool farmers, the pool men displaying the best oratory. Among those who led the fight to sell out to the pools were: J. K. Sutherland, Hanna, Alberta; R. Cates, Oyen, Alberta; J. C. Buckley, Gleichen, Alberta; Thos. Teare, Moose Jaw, Saskatchewan; J. L. Williamson, Regina, Saskatchewan; A. J. Pope, Bowsman, Manitoba, and J. D. Cuddy, Sanford, Manitoba. Those prominent in the debate to retain United Grain Growers as a farmers' marketing institution were: A. McAuley, Leduc, Alberta; Edward O'Connor, Manyberries, Alta.; Jason Bradwell, Saskatoon, Saskatchewan; Murdo Cameron, Regina, Saskatchewan; J. M. Allan, Brandon, Manitoba; Thos. Wood, Carman, Manitoba; H. Clendenning, Kenton, Manitoba; I. T. Lennox, Melita, Manitoba; D. F. Stewart, Rosebank, Manitoba; R. Houston, Starbuck, Mani-

toba; C. Stinson, Virden, Manitoba; and A. A. Forde, Vista, Manitoba.

The resolution to sell out the Company's elevator facilities was known to the meeting as "Resolution No. 2." The discussion on this resolution lasted all that Friday afternoon and evening. Finally, after many amendments and sub-amendments had been moved, the vote was taken late in the evening and the resolution was declared carried by a small majority. The wording of the amended resolution No. 2 as passed by the meeting was:

**Resolution
No. 2**

"Whereas, it is essential that the overhead expenses in marketing our grain be reduced to a minimum; and whereas, the present situation of having several farmer-controlled marketing associations is not conducive to economy; and whereas, in our opinion, efficiency can be increased and expenses can be reduced by consolidation;

"Be it resolved, that we instruct our Board of Directors to turn over our elevator facilities to the Pools when asked for by them, at a fair valuation."

After the vote had been taken several delegates expressed the opinion that there was some misunderstanding as to the correct interpretation of the amended resolution. After these several delegates had spoken and questions had been answered by the Chairman, it was moved by Mr. Jason Bradwell of Saskatoon, and seconded by N. Morgotch of Hyas, Saskatchewan, "That resolution No. 2 as amended be reconsidered and that the vote be again taken and recorded so as to show the vote of every delegate who votes thereon." This motion was carried by a large majority.

On Saturday morning the discussion on resolution No. 2 was continued. After Mr. Crerar and several delegates had spoken, it was moved by Mr. Clendenning of Kenton and seconded by Jason Bradwell of Saskatoon that resolution No. 2 be tabled until resolution No. 8 had been considered. This motion was carried. After some discussion, resolution No. 8 was put to a vote and carried by a large majority.

**Resolution
No. 8**

Resolution No. 8. Submitted by the Board of Directors:

Moved by Mr. Jason Bradwell, seconded by Mr. Hicks:

"That we, the delegates of the shareholders of United Grain Growers Limited, in annual meeting assembled, having considered the following resolution passed by our Board of Directors at their meeting on November 17, 1925, hereby endorse same and express our belief that development along the lines indicated therein would be in the best interests of all concerned.

The resolution referred to reads as follows:

"That this Board, after giving full and careful consideration to the question of relationships at present existing between United Grain Growers Limited, the Saskatchewan Co-operative Elevator Company and the three Provincial Wheat Pools and the possibility of conflicts developing between these various farmers' organizations, in large measure composed of the same individuals, and all working for the same end; namely, the betterment generally of the farmers of Western Canada and more particularly in the marketing of their grain, hereby declares its conviction:

THE GRAIN GROWERS RECORD

"1. That any conflict or strife between any of these organizations would be highly injurious to the best interests of the farmers of Western Canada, whom each of these organizations aims to serve.

"2. That, the Pool system of marketing is of advantage to thousands of Western farmers.

"3. That a farmer-owned organization for handling and selling the grain of those farmers who may not wish to pool, all of their grain is also of advantage to thousands of Western farmers.

"4. That the interests and welfare of non-pool farmers, who are shareholders or supporters of the two farmers' companies (United Grain Growers Limited and the Saskatchewan Co-operative Elevator Company Limited), must be considered and safeguarded and that it is inadvisable in the view of this Board that any arrangement or consolidation of facilities be made upon any basis that would deny to any shareholder or patron the advantages of these country elevators in the disposal of their grain, by shipping, selling by wagon load or otherwise, which they now enjoy;

"5. That to the end that all chance of strife may be avoided and made impossible, and the most efficient marketing organizations be created and maintained to serve all the farmers in Western Canada who wish to use it, whether they desire to sell through the Pool method or otherwise, the grain marketing facilities of the three provincial Pools, the Saskatchewan Co-operative Elevator Company and United Grain Growers Limited should be co-ordinated into machinery that would provide:

"(a) For the handling and purchase of Pool and non-pool grain through country and terminal elevators;

"(b) For the sale and accounting of Pool and non-pool grain.

"6. That this would consolidate the various organizations and prevent any conflict of interests; and would secure the maximum of efficiency in service with the minimum of cost in administration."

Then it was moved by Thos. Teare, Moose Jaw, and seconded by W. E. Thompson of Millet, Alberta:

"That H. J. Symington, K.C., the Company's counsel, be asked to attend the meeting and give his opinion as to what legal procedure would be required in order to give effect to the proposals referred to in resolution No. 2."

This motion was carried and Mr. Symington attended the meeting and gave his opinion on the legal procedure that would have to be followed. He answered many questions that were put to him by the delegates.

Then discussion was continued on resolution No. 2 as amended; after considerable discussion, the vote was taken and the resolution was defeated by a large majority.

At a joint meeting of representatives of United Grain Growers Limited and the Pools of Saskatchewan and Alberta, the Company made a concrete proposal for the setting up of a joint company in each of the three provinces to be managed by a board made up of equal numbers of Pool and United Grain Growers Limited Directors. The joint company was to operate the existing elevators of both concerns and any elevators that either the United Grain Growers Limited or the Pool might build in the future. Through these elevators the joint company was to handle non-pool grain at cost for the

Legal
Counsel
Addresses
Meeting

Company's
Plan for Joint
Operation of
Elevators(1)

Company and pool grain at cost for the Pool. This plan would have prevented any further duplication of farmer-owned elevators.

Conference on
Joint
Operation in
Alberta (1)

The Alberta Pool accepted this plan of joint operation of elevators at once. Further meetings were held and the details of operation worked out, but the negotiations finally broke up over the appointment of a manager for the joint company in Alberta. United Grain Growers Limited had built up valuable assets which belonged to their shareholders, about two-thirds of these shareholders had, however, not joined the Pool. The Alberta Pool, at that time, had very little in the way of assets, and the Company's representatives felt that their Alberta manager, Mr. E. S. McRorie, should be manager of the joint company. The Pool representatives, on the other hand, wanted one of their men put in as manager. As the joint committee was unable to reach an agreement on this point, negotiations were broken off. The Company, however, continued to handle Pool grain at cost through their elevators in addition to paying the Pool farmers one cent a bushel over the price list set by the Pools.

Pool Takes
Over
Saskatchewan
Co-operative

The Saskatchewan Pool received United Grain Growers Limited plan for joint operation with enthusiasm, but asked for more time to work it out as there was a bitter campaign waging in Saskatchewan at that time between the Saskatchewan Pool and the Saskatchewan Co-operative Elevator Company. The result of this campaign was that the Saskatchewan Pool took over the assets of the "Sask. Co-op." on August 1, 1926. This gave the Saskatchewan Pool a large line of elevators and nothing more was done in that province regarding joint operation of farmer-owned elevators.

Company's
Policy in
Its Relations
with Pools

The following statement is an extract from the Company's Annual Report, 1926:

"In all these negotiations the Company had tried to:

"(1) Maintain friendly relations between the different farmer-owned concerns;

"(2) To prevent costly duplication of farmer-owned elevators;

"(3) To protect the marketing rights of their shareholders and customers, a large majority of whom had not joined the Pools."

Another extract from the same report reads:

"There should be no suspicion or strife between the Pools and the Company. They should be able to discuss their problems in the light of the relationships that are in the best interests of the farmers of Western Canada and should co-operate in the closest possible way."

The 353 delegates attending the Company's annual meeting unanimously approved the action taken by their Board of Directors in all these negotiations with the Pools.

Company
Sells Some
Elevators
to Pools

During the first six years of the Pools' existence, the Company sold quite a large number of its elevators to the Pools at points where there was not room for another elevator. At these points the

decision to sell the elevator was left to a vote of the Company's local shareholders. At many of these points, although the shareholders had voted to sell the local elevator to the Pool, the same shareholders have since asked the Company to rebuild at the point. So far the Company has refrained from complying with these requests.

Since competition between United Grain Growers Limited and Pool elevators has become an established and accepted fact, there has been no strife or controversy between the two concerns. Most farmers at these competing points are agreed that they get better service than would be rendered if the two concerns were amalgamated.

**Friendly
Competition**

CHAPTER XVI

Conclusion

Grain
Marketing
Conditions
Past and
Present

THIS brief history of the Company gives some idea of the grain marketing conditions in Western Canada before the Grain Growers' Grain Company was organized. Today, Western Canada's grain is marketed more cheaply and more efficiently than is the grain of any other country. There is keen competition for every load of grain delivered on the market and every farmer feels that he can get the full value of his grain in any elevator. It must be realized that these improved marketing conditions are to a great extent due to the powerful influence of this farmers' Company.

Company's
Directors

The Company has been fortunate in that the shareholders have always selected men of very high calibre for their Board of Directors. They have invariably chosen men who were imbued with a determination to improve marketing conditions for the farmer and, at the same time, insisted on the Company's affairs being conducted along sound business lines. The result has been that this Company has successfully withstood all the attacks that have been made against it from time to time, and it has built up a large, sound business institution, still owned and controlled by the farmers.

Company's
Staff

The Company has also been fortunate in the selection of its staff. Among its employees, numbering approximately one thousand, there are a few who have been with the Company over thirty-five years. There are a large number who have more than twenty-five years of service in the Company's employ. From the beginning the attitude of the staff has been service to the farmer and loyalty to the Company. The men at the heads of the different departments are all experts in their respective lines. In fact, the Company's policy has been to develop every employee into an expert in his or her particular type of work. Harmony and team work between departments and between employees have, no doubt, contributed considerably to the Company's success.

Company and
Farmers'
Associations

No doubt, the close co-operation that has always existed between the Board of Directors and the provincial farmers' associations has had a great deal to do with the success of the Company's efforts to improve marketing conditions. For many years the Western farmers

and the farmers' commercial companies spoke with a united voice, and, together, made a great contribution toward the establishment in law of the farmers' rights in marketing their grain.

On July 31, 1943, the Company completed its thirty-seventh year of service. It presently owns and operates 528 country elevators with 48 permanent annexes and 355 temporary annexes. In connection with its country elevator system the Company owns 201 agents' cottages, 208 flour houses and 277 coal sheds. It owns and operates a large terminal elevator at Port Arthur and a small storage terminal at Edmonton. It operates under lease large terminals at Vancouver and at Victoria. It also owns and operates a large and up-to-date feed mill at Edmonton. In addition to these grain-handling facilities, it owns the building and equipment of The Public Press Limited and The Country Guide Limited.

The early shareholders were not looking for dividends when they put their money into the Company. Nevertheless, the fact that the Company has been able to make satisfactory profits from the beginning and to make reasonable returns to its shareholders, has been one of the important factors contributing to its success.

In the first year of operation the Company paid a dividend. That fact changed the attitude of many farmers when they saw that a farmers' Company could be successful enough to make a return to shareholders. One shareholder has told that he never cashed his first dividend cheque, but kept it framed as proof that at last a farmers' Company had come into being that could make a return on the money invested in it.

The Capital Stock, which represents the shareholders' investment in the Company, was \$3,174,000.00 on July 31, 1943. The total of stock dividends paid to the shareholders, including the crop year 1942-43, was \$4,724,725.42. In addition to the stock dividends, patronage dividends, amounting to \$460,504.75, have been paid to customers. Of this latter amount, \$49,625.00 was paid to the Alberta Pool and \$3,359.42 to the Saskatchewan Pool on pool grain handled through the Company's elevators during the year 1926-27. The total amount of dividends paid to shareholders and customers in thirty-seven years amounted to \$5,185,230.47.

At the date of writing (October, 1943) the Company has weathered all storms for more than thirty-seven years. It is in a very sound financial position. It stands high in the estimation of the farmers. It has neither asked for nor received favours from any source. It has bountifully reimbursed the farmers who put up their heard-earned money to get the Company started and to build up its assets. Its services have been of untold value to the farmers and it

**Company's
Physical
Assets**

**Shares in
Company
Have Proved
Good
Investment**

**First Dividend
Cheque
Framed**

**Stock and
Patronage
Dividends
Paid to 1943**

An
Interesting
Record

is looking to the future with courage and confidence, knowing that continued efficiency in business coupled with the maximum of service to farmers will assure this Company of permanent success.

It is perhaps fitting that the following quotation, taken from the records of the Williams Elevator Inquiry, should be recorded here:

"United Grain Growers Limited revenue from overages and grade gains was less than one-quarter of the value in dollars and cents of the legal shrinkage allowed. Farmers dealing with United Grain Growers' elevators have received treatment from them which is more, according to the requirements of the law, than they were entitled to receive. If every grain company could point to a record as fine as that, there would never be any need for Royal Commissions to investigate grain companies."

ERRATA

On pages 24, 67, 72, E. S. McRorie should read "McRory."

On page 50, O'Donahue should read "O'Donohoe."

On Board of Directors photo opposite page 50, C. C. Jackson should read "C. C. Jackson, Secretary."

On page 53, reference to J. S. Whalley should read: "At the request of the Minister of Munitions and Supply, the services of J. S. Whalley were made available to the Government. Although it meant inconvenience to the Company during a busy season, Mr. Whalley's services were made available at no cost to the Government, and he was appointed Wood Fuel Controller for the Dominion of Canada."

APPENDIX I

CHRONOLOGY OF EVENTS

- 1883—Canadian Pacific Railway built a small wooden terminal elevator at Fort William.
- 1899—Royal Commission appointed by Dominion Government to investigate the grain handling situation in the West. Chairman, Mr. Justice Richards, W. F. Sirrett, Wm. Lothian and C. C. Castle.
- 1900—Commission reported and Manitoba Grain Act passed by Dominion Government.
- 1901—Territorial Grain Growers' Association organized at Indian Head, N.W.T., on December 18, 1901, W. R. Motherwell, Chairman.
- 1903—Manitoba Grain Growers' Association formed at Virden. J. W. Scallion, President.
First Annual Convention of M.G.G.A. held at Brandon in March. J. W. Scallion, President, R. C. Henders, Vice-President, R. McKenzie, Secretary.
- 1905—The Annual Convention of the M.G.G.A. at Brandon, in January, appointed a committee to investigate the possibilities of organizing a farmers' grain handling company.
- 1906—One January 27, a Grain Growers meeting at Sintaluta, Saskatchewan, appointed a committee to work with the committee appointed at Brandon.
July 26, at Winnipeg, provisional officers of Grain Growers' Grain Company were chosen.
September 5, Grain Growers' Grain Company opened its doors for business. First car of grain received September 21. November 8, Grain Exchange expelled Grain Growers' Grain Company from trading privileges. Bank closed down on Company—Directors pledged personal security.
- 1907—Grain Growers' Grain Company re-instated in Winnipeg Grain Exchange.
July 16, first annual meeting of G.G.G. Company. E. A. Partridge resigns as President, T. A. Crerar elected President.
- 1908—Grain Growers' Guide started in June.
- 1909—Company opened Inspection Department, under James Massie.
Calgary office opened on August 1.
Public Press printing plant opened.
Seed Branch set up by Company.
George F. Chipman came to Guide as assistant editor.
Suspension of Commission rule by Grain Exchange.
- 1910—Canadian Council of Agriculture formed.
McGill Grain Inquiry Commission.
Inauguration of Manitoba Government elevator system.
- 1911—Saskatchewan Co-operative Elevator Company incorporated.
Federal incorporation of Grain Growers' Grain Company.
Incorporation of Grain Growers' Export Company.
Canada Grain Act amended and Board of Grain Commissioners set up.
- 1912—Grain Growers' Grain Company leased country elevators from Manitoba Government.
Grain Growers' Grain Company leased terminal elevator at Fort William from C.P.R.
- 1913—Company purchased terminal at Fort William.
Farm Supplies Department set up by Grain Growers' Grain Company, May 1.
Grain Growers, British Columbia, Company opened.
Alberta Farmers' Co-operative Elevator Company started in business.
- 1914—Grain Growers' Grain Company entered Farm Implement business.
War declared on August 4.

THE GRAIN GROWERS RECORD

- 1915—Grain Growers' Grain Company charter amended to provide for paying patronage dividends.
Incorporation of Grain Growers' Export Company (New York).
- 1916—Livestock Branch opened for business on March 1.
\$5,000.00 cheque sent to E. A. Partridge.
- 1917—Board of Grain Supervisors set up for wartime wheat control and fixed price for wheat.
Amalgamation of Grain Growers' Grain Company and Alberta Farmers' Co-operative Elevator Company into United Grain Growers Limited.
Grain Growers' Grain Company had completed 10 years in business.
Public Press and Country Guide erected new building on Vaughan Street.
T. A. Crerar called to Ottawa as Minister of Agriculture.
- 1918—Incorporation of U.G.G. Sawmills Limited.
Incorporation of United Grain Growers Securities Company Limited.
United Grain Growers By-laws amended to provide for patronage dividends.
Armistice signed on November 11.
C. Rice-Jones appointed General Manager, December 20.
- 1919—Canadian Wheat Board set up by Dominion Government.
- 1920—Drafting of Wheat Pool plan by James R. Murray.
Organization of Progressive Party under leadership of Hon. T. A. Crerar.
- 1921—Hyndman Commission restrained by Court injunction.
Roderick McKenzie retired from Board of Directors of United Grain Growers Limited.
D. G. McKenzie elected to Board.
Election of Progressive groups to Parliament.
Farmer's Union organized in Saskatchewan.
United Grain Growers start cattle pool in connection with Livestock Branch.
- 1922—Farm Machinery Branch of United Grain Growers Limited closed.
- 1923—Wheat Pool organized in Alberta.
United Grain Growers Limited assisted Wheat Pool campaigns.
C. Rice-Jones resigned as General Manager, September 24.
T. A. Crerar appointed General Manager, September 24.
- 1924—Wheat Pool organized in Manitoba and Saskatchewan.
United Livestock Growers incorporated as subsidiary company.
Roderick McKenzie died at Winnipeg.
- 1925—United Grain Growers Limited sawmill destroyed by fire on May 1.
Company secured interest in Burrard Terminal Elevator Company at Vancouver.
Coarse grain pools started in Manitoba and Saskatchewan.
United Grain Growers Limited negotiates with Pools to prevent duplication of elevators.
- 1926—Carter Disc Cleaners put out at United Grain Growers Limited elevators.
United Grain Growers Sawmills Limited liquidated.
United Grain Growers Limited proposes Joint Company to build and operate Pool and United Grain Growers Limited elevators.
Saskatchewan Grain Growers' Association and Farmers' Union amalgamated to form United Farmers of Canada (Saskatchewan Section).
Saskatchewan Co-operative elevators transferred to Saskatchewan Pool.
- 1927—United Grain Growers Terminal constructed at Port Arthur.
- 1928—United Grain Growers Limited withdraws from membership of Canadian Council of Agriculture.
United Livestock Growers Limited retires from livestock business.

THE GRAIN GROWERS RECORD

1929—Death of John Kennedy.

C. Rice-Jones retires from Company in January.

R. S. Law appointed member of Board of Directors and Vice-President.

United Grain Growers Limited withdraws from membership of Co-operative Union of Canada, in July.

1930—Hon. T. A. Crerar resigned from Presidency on January 16.

R. S. Law becomes President.

E. E. Bayne elected to Board of Directors.

J. R. Murray retires from United Grain Growers Limited in May.

Canada Grain Act rewritten and amended.

Mixing abolished in terminal elevators.

1931—E. A. Partridge died at Victoria, B.C.

Vancouver terminal enlarged.

Government stabilization of wheat prices under John I. McFarland, July.

Stamp Commission on futures trading.

Group Insurance for employees.

1932—Hon. George Langley died.

1933—United Grain Growers Limited presented Wheat Institute Plan.

1934—Reorganization of shareholders' locals.

National Products Marketing Act passed at Ottawa.

1935—Mr. Law presents brief to Special Committee on Wheat Marketing at Ottawa.

Export Office at Vancouver closed July 31.

Hon. D. G. McKenzie joins staff of United Grain Growers Limited.

George F. Chipman met his death in shooting accident, December 26.

Canadian Wheat Board appointed August 14: John I. McFarland, D. L. Smith and Dr. H. C. Grant; Advisory Committee, R. McKee, Vancouver; Lew Hutchinson, Duhamel, Alta.; L. C. Brouillette, Regina; Brooks Catton, Hanley, Sask.; Sidney T. Smith, Winnipeg; P. F. Bredt, Winnipeg, and C. H. G. Shortt, Montreal.

December 3, New Wheat Board appointed. J. R. Murray, George H. McIvor and Dean A. M. Shaw.

Advisory Committee dropped.

1936—The Country Guide buys out Nor'-West Farmer.

W. W. Emerson made Managing Director of Guide.

1937—Amalgamation with Pools proposed.

Mr. Law presents brief to Royal Grain Inquiry.

J. R. Murray resigned as Chief Commissioner in July, George H. McIvor was appointed Chief and R. C. Findlay was appointed Commissioner.

1938—Director G. E. Roose died August 19.

1939—W. W. Emerson died March 24.

D. G. McKenzie appointed Managing Director of Guide and Public Press.

National Chemurgic Committee set up.

Western Committee on Markets and Agricultural Re-adjustment set up.

Plan for reorganization of United Grain Growers Limited Capital Structure presented to annual meeting.

F. L. Dickinson, Superintendent of Seed Improvement for United Grain Growers Limited was elected President of Canadian Seed Growers' Association.

1940—Company built temporary annexes at country elevators.

United Grain Growers Limited operated a pool successfully under Wheat Co-operative Marketing Act.

United Grain Growers Limited Traffic Department took active part in opposing plan for abandoning certain railway branch lines.

THE GRAIN GROWERS RECORD

1941—W. C. Mills resigned from Board of Directors, and M. T. Allan of Neville, Saskatchewan, was appointed to his place on the Board.

United Grain Growers Limited capital stock reorganized and the sum of \$200,000.00 was set aside for patronage dividends to customer shareholders.

Temporary annex built at Port Arthur Terminal—4,000,000-bushel capacity.

Pension Plan for Employees inaugurated.

1942—D. G. McKenzie resigned from Board of Directors following his appointment as Chairman of the Board of Grain Commissioners.

J. E. Brownlee, K.C., appointed Director and Vice-President of United Grain Growers Limited.

United Grain Growers Limited Board of Directors presented statement on Agricultural Policy to Dominion Government, asking for an initial price of \$1.00 a bushel for wheat.

Minimum and maximum prices fixed for coarse grains.

Wheat Board price advanced to 90 cents.

1943—September—Bonus of 15 cents a bushel on barley and 10 cents a bushel on oats announced by Wheat Board.

September 27—October wheat futures closed on Exchange at \$1.20 $\frac{3}{4}$ with premium of 3 cents for No. 1 Northern.

September 28—Government froze wheat futures at closing price of September 27 owing to arrangements between Canada and the other United Nations under the Mutual Aid Pact.

Wheat Board announced new price of \$1.25 for Board wheat, basis No. 1 Northern at Lakehead.

APPENDIX II

THE COMPANY'S DIRECTORS

1906-1907

E. A. Partridge, President, Sentaluta, Sask.	
John Kennedy, Vice-President, Swan River, Man.	
John Spencer, Secretary-Treasurer, Emerson, Man.	
W. A. Robinson	Francis Graham

1907-1908

T. A. Crerar, President, Russell, Man.	
John Kennedy, Vice-President	
John Spencer, Secretary-Treasurer	
R. Elsom, Boharm, Sask.	E. A. Partridge, Sentaluta, Sask.
M. C. McCuaig, Oakland, Man.	John Allan, Cordova, Man.
D. Railton, Sentaluta, Sask.	I. T. Lennox, Melita, Man.

1908-1909

T. A. Crerar, President	
John Kennedy, Vice-President	
John Spencer, Secretary-Treasurer	
E. A. Partridge, Sentaluta, Sask.	John Allan, Cordova, Man.
Robertson Elsom, Boharm, Sask.	M. C. McCuaig, Oakland, Man.
R. McKenzie, Brandon, Man.	George Langley, Maymont, Sask.
A. Von Mielecki, Calgary, Alta.	

1909-1910

T. A. Crerar, President	
John Kennedy, Vice-President	
R. McKenzie, Second Vice-President, Brandon, Man.	
E. A. Partridge, Sentaluta, Sask.	N. E. Baumunk, Dundurn, Sask.
George Langley, Maymont, Sask.	D. Railton, Sentaluta, Sask.
T. W. Knowles, Emerson, Man.	A. Von Mielecki, Calgary, Alta.

1910-1911

T. A. Crerar, President	
John Kennedy, Vice-President	
R. McKenzie, Second Vice-President	
E. A. Partridge, Sentaluta, Sask.	N. E. Baumunk, Dundurn, Sask.
George Langley, M.L.A., Maymont, Sask.	D. Railton, Calgary, Alta.
John Spencer, Emerson, Man.	E. J. Fream, Calgary, Alta.

1911-1912

T. A. Crerar, President	
John Kennedy, Vice-President	
R. McKenzie, Second Vice-President	
Wm. Moffat, Souris, Man.	F. W. Green, Boharm, Sask.
E. J. Fream, Calgary, Alta.	J. A. Maharg, Moose Jaw, Sask.
George Langley, M.L.A., Maymont, Sask.	John Morrison, Yellowgrass, Sask.

THE GRAIN GROWERS RECORD

1912-1913

T. A. Crerar, President
John Kennedy, Vice-President
R. McKenzie

E. J. Fream, Calgary, Alta.
Wm. Moffat, Souris, Man.
F. M. Gates, Fillmore, Sask.

John Morrison, Yellowgrass, Sask.
J. W. Robson, Pelley, Sask.
F. J. Collyer, Welwyn, Sask.

1913-1914

T. A. Crerar, President
John Kennedy, Vice-President
R. McKenzie

E. J. Fream, Calgary, Alta.
Wm. Moffat, Souris, Man.
F. M. Gates, Fillmore, Sask.

John Morrison, Yellowgrass, Sask.
F. J. Collyer, Welwyn, Sask.
John F. Reid, Orcadia, Sask.

1914-1915

T. A. Crerar, President
John Kennedy, Vice-President
R. McKenzie

Wm. Moffat, Souris, Man.
F. M. Gates, Fillmore, Sask.
John Morrison, Yellowgrass, Sask.

F. J. Collyer, Welwyn, Sask.
John F. Reid, Orcadia, Sask.
E. J. Fream, Calgary, Alta.

1915-1916

T. A. Crerar, President
John Kennedy, Vice-President
R. McKenzie

F. J. Collyer, Welwyn, Sask.
John F. Reid, Orcadia, Sask.
John Morrison, Yellowgrass, Sask.

F. M. Gates, Fillmore, Sask.
Wm. Moffat, Souris, Man.
J. W. Wood, Wainwright, Alta.

1916-1917

Same as the previous year.

1917-1918

T. A. Crerar, President
C. Rice-Jones, Vice-President
John Kennedy
R. McKenzie

F. J. Collyer, Welwyn, Sask.
John F. Reid, Orcadia, Sask.
John Morrison, Yellowgrass, Sask.
P. S. Austin, Ranfurly, Alta.

J. J. MacLellan, Purple Springs, Alta.
R. A. Parker, Calgary, Alta.
R. C. Wingate, Cayley, Alta.
Robert Shannon, Saskatoon, Sask.

1918-1919

Same as the previous year.

1919-1920

Same as the previous year.

1920-1921

Same as the previous year.

1921-1922

Hon. T. A. Crerar, President
C. Rice-Jones, Vice-President
John Kennedy

J. F. Reid, Orcadia, Sask.
S. S. Sears, Nanton, Alta.
J. J. MacLellan, Purple Springs, Alta.
F. J. Collyer, Welwyn, Sask.
D. G. McKenzie, Brandon, Man.

John Morrison, M.P., Yellowgrass, Sask.
P. S. Austin, Ranfurly, Alta.
C. E. Hope, Fort Langley, B.C.
Robert Shannon, Saskatoon, Sask.

THE GRAIN GROWERS RECORD

1922-1923

Hon. T. A. Crerar, President
C. Rice-Jones, Vice-President
John Kennedy

C. E. Hope, Fort Langley, B.C.
D. G. McKenzie, Brandon, Man.

S. S. Sears, Nanton, Alta.

J. J. MacLellan, Purple Springs, Alta.

R. Shannon, Saskatoon, Sask.

John F. Reid, Orcadia, Sask.

F. J. Collyer, Welwyn, Sask.

John Morrison, M.P., Yellowgrass, Sask.

W. B. Kirkpatrick, Excel, Alta.

1923-1924

Same as the previous year.
R. S. Law appointed Secretary.

1924-1925

Same as the previous year.

1925-1926

Same as the previous year.

1926-1927

Same as the previous year.

1927-1928

Same as the previous year.

1928-1929

Hon. T. A. Crerar, President
R. S. Law, Vice-President

J. J. MacLellan, Purple Springs, Alta.

J. F. Reid, Orcadia, Sask.

F. J. Collyer, Welwyn, Sask.

J. Morrison, Yellowgrass, Sask.

Hon. D. G. McKenzie, Brandon, Man.

C. E. Hope, Fort Langley, B.C.

R. Shannon, Saskatoon, Sask.

S. S. Sears, Nanton, Alta.

G. Roose, Camrose, Alta.

R. C. Brown, Pilot Mound, Man.

1929-1930

R. S. Law, President, Claresholm, Alta.
J. J. MacLellan, Vice-President, Purple Springs, Alta.

J. F. Reid

F. J. Collyer

J. Morrison, Yellowgrass, Sask.

Hon. D. G. McKenzie, Brandon, Man.

C. E. Hope, Fort Langley, B.C.

R. Shannon, Saskatoon, Sask.

S. S. Sears, Nanton, Alta.

G. E. Roose, Camrose, Alta.

R. C. Brown, Pilot Mound, Man.

E. E. Bayne, Virden, Man.

1930-1931

Same as the previous year.
Charles C. Jackson, Calgary, appointed Secretary.

1931-1932

Same as the previous year.

1932-1933

Same as the previous year.

1933-1934

Same as the previous year.

THE GRAIN GROWERS RECORD

1934-1935

R. S. Law, President

D. G. McKenzie, Vice-President, Brandon, Man.

John Morrison

F. J. Collyer

John F. Reid, Orcadia, Sask.

S. S. Sears, Nanton, Alta.

J. J. MacLellan, Purple Springs, Alta.

G. E. Roose, Camrose, Alta.

C. E. Hope, Fort Langley, B.C.

R. C. Brown, Pilot Mound, Man.

R. Shannon, Saskatoon, Sask.

E. E. Bayne, Virden, Man.

1935-1936

Same as the previous year.

1936-1937

Same as the previous year.

1937-1938

R. S. Law, President

D. G. McKenzie, Vice-President

John Morrison

F. J. Collyer

J. J. MacLellan, Purple Springs, Alta.

R. C. Brown, Pilot Mound, Man.

C. E. Hope, Fort Langley, B.C.

E. E. Bayne, Virden, Man.

R. Shannon, Saskatoon, Sask.

J. I. Stevens, Morinville, Alta.

S. S. Sears, Nanton, Alta.

W. C. Mills, Regina, Sask.

1938-1939

Same as the previous year.

1939-1940

Same as the previous year.

1940-1941

Same as the previous year.

1941-1942

R. S. Law, President

D. G. McKenzie, Vice-President

J. Morrison, Second Vice-President, Yellowgrass, Sask.

F. J. Collyer

J. J. MacLellan, Purple Springs, Alta.

R. C. Brown, Pilot Mound, Man.

C. E. Hope, Fort Langley, B.C.

E. E. Bayne, Virden, Man.

R. Shannon, Saskatoon, Sask.

J. I. Stevens, Morinville, Alta.

S. S. Sears, Nanton, Alta.

M. T. Allan, Neville, Sask.

1942-1943

R. S. Law, President

J. E. Brownlee, K.C., Vice-President, Calgary, Alta.

J. Morrison, Second Vice-President

F. J. Collyer

J. J. MacLellan, Purple Springs, Alta.

R. C. Brown, Pilot Mound, Man.

C. E. Hope, Fort Langley, B.C.

E. E. Bayne, Virden, Man.

R. Shannon, Saskatoon, Sask.

J. I. Stevens, Morinville, Alta.

S. S. Sears, Nanton, Alta.

M. T. Allan, Neville, Sask.

1943-1944

Same as the previous year.

DIRECTORS OF THE ALBERTA FARMERS' CO-OPERATIVE ELEVATOR COMPANY

1912-1913

E. Carswell	W. J. Tregillus, President	W. S. Henry
J. Quinsey	E. J. Fream, Secretary-Treasurer	Rice Sheppard
	P. P. Woodridge	

1913-1914

E. Carswell	W. J. Tregillus, President	C. Rice-Jones
P. S. Austin	J. Quinsey, Vice-President	R. A. Parker
J. G. McKay	E. J. Fream, Secretary-Treasurer	Rice Sheppard

1914-1915

E. Carswell	W. J. Tregillus, President	W. C. Wingate
P. S. Austin	C. F. Brown, Vice-President	R. A. Parker
Rice Sheppard	E. J. Fream, Secretary-Treasurer	J. Quinsey

1915-1916

E. Carswell	C. Rice-Jones, President	H. C. Wingate
P. S. Austin	C. F. Brown, Vice-President	R. A. Parker
Rice Sheppard	E. J. Fream, Secretary-Treasurer	J. J. MacLellan

1916-1917

Same as the previous year.

APPENDIX III

FINANCIAL STATEMENTS

1906-1907

First Annual Meeting, Winnipeg, July 16, 1907:

Volume of Grain Handled.....	2,500,000 bushels
Net Profit.....	790.54
Paid-up Capital.....	2,102.50
Dividend Paid to Shareholders—7 per cent.	

1907-1908

Annual Meeting, Winnipeg, July 14, 1908:

Volume of Grain Handled.....	5,000,000 bushels
Net Profit.....	\$30,190.24
Paid-up Capital.....	20,385.00
Dividend Paid to Shareholders—133½ per cent.	

1908-1909

Annual Meeting, Winnipeg, July 13, 1909:

Volume of Grain Handled.....	7,643,146 bushels
Net Profit.....	\$ 52,902.08
Paid-up Capital.....	120,807.00
Dividend Paid to Shareholders—42 per cent.	

1909-1910

Annual Meeting, Winnipeg, July 14, 1910:

Volume of Grain Handled.....	16,400,000 bushels
Net Profit.....	\$ 95,633.78
Paid-up Capital.....	292,957.55
Dividend Paid to Shareholders—15 per cent.	

1910-1911

Annual Meeting, Winnipeg, July 14, 1911:

Volume of Grain Handled.....	18,845,305 bushels
Net Profit.....	\$ 69,575.46
Paid-up Capital.....	492,062.00
Dividend Paid to Shareholders—10 per cent.	

1911-1912

Annual Meeting, Winnipeg, July 16, 1912:

Volume of Grain Handled.....	27,750,000 bushels
Net Profit.....	\$121,614.13
Paid-up Capital.....	586,472.00
Reserve Fund.....	62,000.00
Dividend Paid to Shareholders—10 per cent.	

1912-1913

Annual Meeting, Winnipeg, November 11, 1913:

Volume of Grain Handled.....	29,975,000 bushels
Net Profit.....	\$164,322.57
Paid-up Capital.....	645,361.80
Amount Added to Reserve Fund.....	96,609.85
Amount of Business Transacted During Year.....	60,000,000.00
Dividend Paid to Shareholders—10 per cent.	

1913-1914

Annual Meeting, Winnipeg, November 4, 1914:

Volume of Grain Handled.....	29,920,225 bushels
Profit.....	\$157,080.92
Paid-up Capital.....	771,409.35
Amount Added to Reserve Fund.....	60,213.37
Dividend Paid to Shareholders—10 per cent.	

THE GRAIN GROWERS RECORD

1914-1915

Annual Meeting, Winnipeg, November 11, 1915:

Volume of Grain Handled.....	18,821,408 bushels
Profits.....	\$229,786.92
Paid-up Capital.....	867,422.00
Amount of Reserve Fund.....	340,000.00
Dividend Paid to Shareholders—10 per cent.	

1915-1916

Annual Meeting, Winnipeg, November 29, 1916:

Volume of Grain Handled.....	48,375,420 bushels
Profits.....	\$ 572,804.33
Paid-up Capital.....	1,073,179.95
War Tax on Profits.....	104,381.74
Amount Added to Reserve Fund.....	217,159.38
Dividend Paid to Shareholders—10 per cent.	

1916-1917

Annual Meeting, Winnipeg, August 15, 1917:

Last Meeting of The Grain Growers' Grain Company Limited.

Volume of Grain Handled.....	27,777,552 bushels
Profits for Year, Subject to Income Taxes.....	\$ 609,899.18
Paid-up Capital.....	1,357,382.46
Total Amount of Reserve Fund.....	601,662.79
Dividend Paid to Shareholders—10 per cent.	

1917-1918

Annual Meeting United Grain Growers Limited, Calgary, December 18, 1918:

Volume of Grain Handled.....	29,879,672 bushels
Profits Subject to Income Taxes.....	\$ 441,760.96
Paid-up Capital.....	2,159,763.16
Total Amount in Reserve Fund.....	1,500,000.00
Dividend Paid to Shareholders—10 per cent.	

1918-1919

Annual Meeting, Winnipeg, November 27, 1919:

Volume of Grain Handled.....	22,203,007 bushels
Profits Subject to Income Taxes.....	148,549.00
Paid-up Capital.....	\$2,415,185.00
Total Amount in Reserve Fund.....	1,500,000.00
Dividend Paid to Shareholders—6 per cent.	

1919-1920

Annual Meeting, Calgary, November 25, 1920:

Volume of Grain Handled.....	24,503,237 bushels
Profits Subject to Income Taxes.....	\$ 463,676.64
Paid-up Capital.....	2,608,547.00
Total Amount in Reserve Fund.....	1,750,000.00
Dividend Paid to Shareholders—8 per cent.	

1920-1921

Annual Meeting, Winnipeg, December 15, 1921:

Volume of Grain Handled.....	36,581,371 bushels
Profits Subject to Income Taxes.....	\$ 233,743.00
Paid-up Capital.....	2,765,685.32
Total Amount in Reserve Fund.....	1,765,000.00
Dividend Paid to Shareholders—6 per cent.	

1921-1922

Annual Meeting, Calgary, November 23, 1922:

Volume of Grain Handled.....	31,545,776 bushels
Loss Incurred Winding Up Sawmills Company.....	\$ 118,350.31
Paid-up Capital.....	2,810,561.90
Reserve Fund Reduced to.....	1,200,000.00
No Dividend was Paid to Shareholders.	

1922-1923

Annual Meeting, Winnipeg, November 21, 1923:

Volume of Grain Handled.....	32,944,668 bushels
Profits Subject to Income Taxes.....	\$ 532,171.00
Paid-up Capital.....	2,821,305.09
Total Amount in Reserve Fund.....	1,200,834.50
Dividend Paid to Shareholders—8 per cent.	

THE GRAIN GROWERS RECORD

1923-1924

Annual Meeting, Calgary, November 20, 1924:

Volume of Grain Handled.....	47,163,179 bushels
Profits Subject to Income Taxes.....	\$ 552,433.12
Paid-up Capital.....	2,857,984.76
Total Amount in Reserve Fund.....	1,203,017.00
Dividend Paid to Shareholders—8 per cent.	

1924-1925

Annual Meeting, Winnipeg, November 19, 1925:

Volume of Grain Handled.....	30,855,532 bushels
Profits Subject to Income Taxes.....	\$ 418,574.46
Paid-up Capital.....	2,890,627.00
Total Amount in Reserve Fund.....	1,203,182.00
Dividend Paid to Shareholders—8 per cent.	

1925-1926

Annual Meeting, Calgary, December 1, 1926:

Volume of Grain Handled.....	43,013,807 bushels
Profits Subject to Income Taxes.....	\$ 676,378.36
Paid-up Capital.....	2,920,620.17
Patronage Dividends to Customers.....	78,791.99
Total Amount in Reserve Fund.....	1,450,000.00
Dividend paid to Shareholders—8 per cent.	

1926-1927

Annual Meeting, Winnipeg, November 30, 1927:

Volume of Grain Handled a little below 1925-1926 (Annual Report).	
Profits Subject to Income Taxes.....	\$ 720,265.94
Paid-up Capital.....	2,979,078.48
Patronage Dividend to Customers.....	126,597.07
Total Amount in Reserve Fund.....	2,979,078.48
Dividend Paid to Shareholders—8 per cent.	

1927-1928

Annual Meeting, Calgary, November 14, 1928:

Volume of Grain Handled.....	41,233,000 bushels
Profits Subject to Income Taxes.....	\$ 714,831.11
Paid-up Capital.....	3,096,695.00
Patronage Dividend to Customers.....	114,756.27
Total Amount in Reserve Fund.....	1,700,000.00
Dividend Paid to Shareholders—8 per cent.	

1928-1929

Annual Meeting, Regina, November 13, 1929:

Volume of Grain Handled—Over.....	39,000,000 bushels
Profits Subject to Income Taxes.....	\$ 493,372.95
Paid-up Capital.....	3,162,985.17
Total Amount in Reserve Fund.....	1,710,282.22
Dividend Paid to Shareholders—8 per cent.	

1929-1930

Annual Meeting, Winnipeg, November 12, 1930:

Loss on Year's Operations.....	\$ 139,713.47
Paid-up Capital.....	3,180,803.37
Total Amount in Reserve Fund.....	1,710,282.22
Dividend Paid to Shareholders—6 per cent.	

1930-1931

Annual Meeting, Calgary, November 4, 1931:

Profits Subject to Income Taxes.....	\$ 251,070.05
Paid-up Capital.....	3,193,409.77
Total Amount in Reserve Fund.....	1,710,282.22
Dividend Paid to Shareholders—5 per cent.	

1931-1932

Annual Meeting, Saskatoon, November 9, 1932:

Net Profits After Paying Income Taxes.....	\$ 180,213.46
Paid-up Capital.....	3,201,060.50
Total Amount in Reserve Fund.....	1,710,282.22
Dividend Paid to Shareholders—5 per cent.	

THE GRAIN GROWERS RECORD

1932-1933

Annual Meeting, Winnipeg, November 8, 1933:	
Loss on Year's Operations.....	\$ 141,563.21
Paid-up Capital.....	3,146,849.63
Total Amount in Reserve Fund.....	1,710,282.22
Dividend Paid to Shareholders Out of Surplus—4 per cent.	

1933-1934

Annual Meeting, Edmonton, November 7, 1934:	
Net Profit, After Paying Income Taxes.....	\$ 216,284.39
Paid-up Capital.....	3,154,371.08
Total Amount in Reserve Fund.....	1,710,282.22
Dividend Paid to Shareholders—4 per cent.	

1934-1935

Annual Meeting, Winnipeg, November 6, 1935:	
Net Profit After Paying Income Taxes.....	\$ 130,453.33
Paid-up Capital.....	3,161,173.81
General Reserve.....	1,710,282.22
Dividend Paid to Shareholders—4 per cent.	

1935-1936

Annual Meeting, Calgary, November 4, 1936:	
Net Profit After Paying Income Taxes.....	\$ 10,534.85
Paid-up Capital.....	3,167,405.61
General Reserve.....	1,710,282.22
Dividend Paid to Shareholders—3 per cent.	

1936-1937

Annual Meeting, Winnipeg, November 3, 1937:	
Loss on Year's Operations.....	\$ 121,981.49
Paid-up Capital.....	3,189,257.14
General Reserve.....	1,710,282.22
No Dividend Paid to Shareholders.	

1937-1938

Annual Meeting, Calgary, November 2, 1938:	
Net Profit After Paying Income Taxes.....	\$ 7,786.85
Paid-up Capital.....	3,189,371.30
General Reserve.....	1,710,282.22
No Dividend Paid to Shareholders.	

1938-1939

Annual Meeting, Winnipeg, November 15, 1939:	
Net Profit After Paying Income Taxes.....	\$ 5,662.30
Paid-up Capital.....	3,189,401.51
General Reserve.....	1,647,057.42
No Dividend Paid to Shareholders.	

Note—Annual Report states that, although no dividends have been paid for three successive years, the Company had paid approximately \$1,000,000.00 in dividends during the past ten years. During the same period it had paid approximately \$500,000.00 in Dominion Income Taxes and had reduced its Capital Debt by \$2,448,938.69. The ten-year period referred to was one of short crops and of very trying business conditions.

1939-1940

Annual Meeting, Calgary, November 6, 1940:	
Profit for Year.....	\$ 599,241.38
Income Taxes (estimated).....	225,000.00
Net Profit.....	374,241.38
Paid-up Capital.....	3,189,645.13
General Reserve.....	1,647,057.42
Dividend Paid to Shareholders—5 per cent.	

1940-1941

Annual Meeting, Winnipeg, November 5, 1941:	
Profit for Year.....	\$ 463,769.92
Income Taxes (estimated).....	215,000.00
Net Profit After Providing for Patronage Dividends.....	248,769.92
Paid-up Capital.....	3,191,765.22
General Reserve.....	1,647,057.42
Patronage Dividend Paid to Customers.....	200,000.00
Dividend Paid to Shareholders—5 per cent.	

THE GRAIN GROWERS RECORD

1941-1942

Annual Meeting, Calgary, November 4, 1942:

Profit for Year After Providing for Patronage Dividend	\$ 350,810.33
Income Taxes (estimated)	130,000.00
Net Profit	220,810.33
Paid-up Capital	3,210,105.00
General Reserve	1,647,057.42
Amount Set Aside for Patronage Dividend	375,000.00
Dividend Paid to Shareholders—5 per cent.	

NOTE—The amount set aside for patronage dividends is being held up pending the decision of the Exchequer Court of Canada as to whether co-operative companies are subject to Income Tax. If the decision goes against these companies 80 per cent of this amount will have to be paid to the Government under the Excess Profits Tax.

1942-1943

Annual Meeting, Winnipeg, November 10, 1943:

Profit for Year After Providing for Patronage Dividend	\$ 469,768.86
Income Taxes (estimated)	225,000.00
Net Profit	244,768.86
Paid-up Capital	3,174,000.00
General Reserve	1,647,057.42
Amount Set Aside for Patronage Dividend	400,000.00
Dividend Paid to Shareholders—5 per cent.	

NOTE—Payment of Patronage Dividends held up pending decision of the Exchequer Court.

APPENDIX IV

THE FIRST SHIPMENT OF WHEAT FROM WESTERN CANADA

On October 13, 1876, R. C. Steele, of the Steele Briggs Company, Toronto, arrived in Winnipeg looking for a seed wheat, as the wheat crop in Ontario was practically a failure that year. He came via St. Paul and across the plains in a lumber wagon. Mr. Steele wanted seed wheat, and he wanted it quickly, as river navigation might close any time.

Higgins and Young, general merchants, undertook the task of assembling what wheat could be had. Steele wanted 5,000 bushels, but all that could be assembled was 857 bushels. This was weighed, sacked, and on its way by October 21. The price paid to the growers was 85 cents a bushel. The freight to Toronto was 35 cents. The consignment left Winnipeg by steamer and was conveyed up the Red River to Fishers' Landing, where it was transferred to a railway truck for carriage to Duluth.

The "Manitoba Free Press" gave the names of the farmers who supplied the wheat. They were:

G. R. Miller.....	Kildonan.....	204 bushels
John McIvor.....	Greenwood (Gunton).....	17 bushels
J. W. Carleton	Clear Springs.....	80 bushels
H. Soar.....	St. Johns.....	154 bushels
F. Dick.....	Springfield.....	35 bushels
Neil McLeod.....	Victoria (Balmoral).....	22 bushels
J. Black.....	Springfield.....	102 bushels
D. Donald.....	Springfield.....	94 bushels
John Spear.....	Springfield.....	44 bushels
Alex. Gibson.....	Springfield.....	33 bushels
T. B. Robinson.....	Rockwood (Stonewall).....	32 bushels
John Reich.....	St. Paul (Middlechurch).....	40 bushels

This was all Red Fife wheat and weighed as high as 64 pounds to the bushel.

The first shipment of wheat direct to Britain from Western Canada was made on October 17, 1877. It was consigned by Robert Gervie to Barclay and Brand, Scotland, and went out by Red River steamer to St. Paul and thence by rail to the seaboard.

Reference: "A Story of Wheat," by Dr. E. Cora Hind.

THE GRAIN GROWERS RECORD

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